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Article Views Prospects for ASEAN-SAARC Trade

BK1006022793 Singapore BUSINESS TIMES in English 9 Jun 93 p 22

[Exclusive article by D.H. Pai Panandiker, former director general of the Federation of Indian Chambers of Commerce and Industry, entitled: "Dawn of a New Economic Partnership"]

[Text] REGIONALISM is not new. It started in the late 1950s with the European Economic Community (EEC) and the European Free Trade Association (Efta). Others, like the North American Free Trade Agreement (Nafta) and ASEAN, followed. These regional groupings arose in response to perceived needs. Political consideration is one. After all, the worst enemies are neighbours and if they sit across a table as friends, there is little use for defence expenditure.

There were also economic considerations. External economies are paramount. The European Community will gain US\$250 billion (S [Singapore dollars] \$400 billion) simply because legislation will be uniform and goods will move without having to cross customs barriers.

Then, there are economies internal to a company. These days, firms have to be big and service more than one market. It is no wonder then that more regional organisations have sprung up. The South Asian Association for Regional Cooperation (SAARC) came about seven years ago. It groups India, Pakistan, Sri Lanka, Nepal, Bangladesh, Bhutan and the Maldives.

SAARC and ASEAN belong to Asia and are almost contiguous. But they are characterised by sharp differences and equally vivid similarities.

SAARC is huge. Its population is more than three times that of ASEAN's, though the gross national product (GNP) is not all that different. That means disparities in per capita incomes.

ASEAN has graduated to the middle income group while SAARC is still embedded in poverty. More than the levels of living, it is the structural reorientation of the economies that is relevant.

ASEAN discovered early enough that the pace and quality of growth greatly depends on the openness of the economy. It became outwardlooking with the accent on exports than on import substitution. That attracted foreign investment which not only supplemented domestic savings but became a good vehicle for exports. The two-way trade (imports plus exports) of ASEAN is 112 per cent of its GNP.

The SAARC countries woke up late. The reform process was underway only in the second half of the 1980s. Until then growth was slow. With the accent on import substitution, there was less attention on cost and quality and more on protection. Two consequences necessarily followed.

First, the countries became inward looking. No wonder the twoway trade is a mere 17 per cent of the SAARC GNP.

Second, with inelastic exports high debt obligations and excessive imports, a balance of payments crisis was inevitable. Most SAARC countries went through traumatic experiences. That is really what forced them to embark upon reforms. Foreign investment was preferred to borrowing. It earned its way.

From the mid-1980s, reforms came in torrents. With that, the policy advantage that ASEAN enjoyed over SAARC no longer continued.

Nearly four-fifths of foreign investment in the Asia-Pacific region had gone to ASEAN. Now, it will be SAARC, apart from China, which may have a greater pull, with its lower wages and its potential market. After all, the population of SAARC is three times that of ASEAN. Once it acquires the purchasing power, the market potential of SAARC will be tremendous.

Besides, with the policy reform that is nearly reaching completion, SAARC has become a different place to do business with. In fact, a study by Price Waterhouse revealed that in terms of "openness" India, for instance, is as open as Malaysia or China.

The compatibility between SAARC and ASEAN has to be considered in this new context—not that it did not exist before.

SAARC imports from ASEAN exceeded 7 per cent of its total imports. Similarly, exports of SAARC to ASEAN were nearly 3.4 per cent of the total imports of SAARC.

ASEAN did not depend on SAARC as much, either in respect of imports or exports. ASEAN trade with SAARC is only 1.4 per cent of its total external trade.

SAARC-ASEAN trade is yet to bloom. Until a year ago, the policy differences were too sharp and traditional trade routes far too attractive. It is really from now on that a new phase in SAARC-ASEAN economic relationship will open up. That is because there are excellent complementarities between the two sets of countries.

More than that, the markets are expanding. SAARC achieved a growth rate of 5.3 per cent per year in the 1980s and, with the liberalised policies, will reach up to 6 to 7 per cent in the second half of the 1990s. A similar growth rate is bound to be achieved in ASEAN as well.

How will this income generation influence the trade pattern? Intraregional trade in the Asia-Pacific region has been growing much faster than inter-regional trade. If this pattern is repeated in respect of SAARC-ASEAN, it is quite possible that by the end of the decade, SAARC's share of ASEAN's two-way trade should double.

That would follow if there are no additional impediments. It is possible, however, that both SAARC and

ASEAN may become more inward looking, fostering intra sub-regional trade rather than trade between the two sub-regions.

This could result from the recent Summit decisions of the two organisations. ASEAN is setting up the ASEAN Free Trade Area (Afta) using the Common Effective Preferential Tariff (CEPT) Scheme. SAARC is toying with the concept of a South Asian Preferential Tariff Area (SAPTA). This has been agreed to in principle but will not be easy to achieve in practical negotiations.

If insularities increase, the potential mutually-beneficial trade may not achieve its full height. Therefore, the two organisations will have to work out arrangements to facilitate inter-regional trade by extending trade preferences to each other.

The SAARC is relatively new and is more heterogenous than ASEAN. There are major political differences between SAARC countries which come in the way of effectively organising SAARC. A practical way of forging economic relations between SAARC and ASEAN would possibly be at the country-to-country level.

When these relations grow strong, then a regional orientation can develop. Almost on these lines, the fourth ASEAN Summit, held in January 1992, approved India as a sectoral dialogue partner of ASEAN. The dialogue will cover trade, joint ventures, tourism, science and technology, and human resource development.

India is a major player in SAARC, having three-quarters of its population and producing four-fifths of its GNP. The size of the Indian economy is almost as large as ASEAN's. As such, India would be an equal dialogue partner. This relationship can develop further and bring India and ASEAN much closer.

The two-way trade between India and ASEAN was about US\$2.8 billion, with the balance of trade being adverse to India. This trade accounted for 7.3 per cent of India's global trade but less than one per cent of ASEAN's global trade.

Trade relations between India and ASEAN countries are not uniform. India's major partners in ASEAN have been Thailand and Malaysia, the former for imports and the latter for exports.

The future is full of promise. The results from the new policy reform will be visible in less than three years. Exposed to the global economy, India's two-way trade will grow faster than its GNP. It is expected that by the end of this decade, an additional US\$50 billion (at constant prices) two-way trade will be generated, at least half of it being with the Asian countries.

India is likely to export engineering goods to Malaysia and Thailand, dyes to Indonesia and Malaysia, and electrical goods to Singapore. In return, it will import chemicals from Indonesia, fertilisers from the Philippines, and machinery from Thailand.

There is a genuine appreciation in India that industries must look to the East rather than the West, both for markets and for sourcing. The dialogue partnership has created regional awareness and disclosed possibilities of Indo-ASEAN cooperation in a variety of sectors.

India has set up joint ventures principally in Thailand and Malaysia, dating back to the 1970s, for production of vegetable oil, textiles light engineering goods, etc. After a long break, a few Indian companies have now come back to ASEAN for manufacture, in services and human resource development.

BHEL in Malaysia and Thailand; ICothari Industrial Corporation, Steel Tubes of India and Indian Telephone Industries in Singapore; RITES in Indonesia; and NSIC in Philippines are some instances which fall into the kind of activities that the dialogue partner is expected to look into.

India-ASEAN dialogue partnership is a good starting point for deepening relations between SAARC and ASEAN. The differing resource endowment make them complementary for trade and profitable for investment. There are a number of technologies to be shared, industries to be set up, infrastructure to be built, research to be jointly undertaken, shipping facilities to be created, and banking channels to be established with a view to strengthening SAARC-ASEAN economic relations.

Both groupings belong to Asia and, with the two sub-regions coming together, the full Asian identity will emerge. Asian dynamism is irrepressible. It can only be enhanced through cooperation.

Japan

Further Reaction to Mondale's Appointment Noted

OW1106145593 Tokyo KYODO in English 1427 GMT
11 Jun 93

[Text] Tokyo, June 11 KYODO—Japan on Friday hailed U.S. President Bill Clinton's nomination of former Vice President Walter Mondale as Washington's next ambassador to Tokyo. "The Government of Japan welcomes the nomination of Mr. Mondale as the new ambassador to Japan," Foreign Ministry spokesman Masamichi Hanabusa said in a statement.

Hanabusa praised Mondale's "brilliant" record as a former senator and as vice president in the administration of former President Jimmy Carter from 1978 to 1981, noting that he is "widely respected" for his wisdom.

The spokesman assessed the nomination as indicative of the importance the Clinton administration places on ties with Japan, since Mondale is known to have close personal ties with both Clinton and Secretary of State Warren Christopher. He said Mondale is considered to have a deep understanding of Japan, having visited the country a number of times since paying an official visit as vice president in 1979.

Mondale, 65, who since leaving the government has been a lawyer in private practice, suffered a crushing defeat when he ran as the Democratic Party's nominee against Ronald Reagan in the 1984 presidential election.

Hanabusa noted that Mondale's nomination has yet to be confirmed by the U.S. Senate.

He said Japan will continue working closely with Michael Armacost, the present U.S. ambassador, on preparations for Clinton's visit to Tokyo next month to meet Prime Minister Kiichi Miyazawa and attend the July 7-9 summit of the leaders of the Group of Seven major industrial nations. The spokesman lauded Armacost for his contributions to U.S.-Japan relations over the past four years.

The Republican appointee Armacost, a career diplomat, took a tougher approach than his predecessor Michael Mansfield in pressing Japan to open its markets wider to American products.

The announcement of Mondale's nomination coincides with the start of potentially acrimonious trade negotiations between the two countries, in which the United States is calling for a "results-oriented" approach to stemming Japan's massive trade surplus with the U.S., which, according to Japan's customs-cleared statistics, reached 43.6 billion dollars in 1992.

Mori Opposes U.S. Bid for Import Targets

OW1106035793 Tokyo KYODO in English 0343 GMT
11 Jun 93

[Text] Tokyo, June 11 KYODO—The Japanese Government opposes U.S. moves to have Tokyo set import targets in a bid to slash its swollen trade surplus, the Trade Minister reiterated Friday. International Trade and Industry Minister Yoshiro Mori, commenting on Japan-U.S. trade talks scheduled for Friday in Washington, also told reporters any form of managed trade would be "undesirable."

The U.S. Administration has said it will ask Japan to set targets for expanding its manufactured imports and reducing its current-account surplus.

Mori also expressed doubts about views that Japan should in return demand that the United States set a target for reducing its budget deficit. He said such a demand would be "tantamount to intervention in internal affairs."

Minister Denies Bidding System Under Review

OW1106061993 Tokyo KYODO in English 0254 GMT
11 Jun 93

[Text] Tokyo, June 11 KYODO—The government has no intention of changing the way it awards public works contracts in response to U.S. criticism that Japan's bidding system is closed to foreign companies, Construction Minister Kishiro Nakamura said Friday. Nakamura made the remark at a news conference while commenting on reports from Washington that the United States wants Japan to discard the "designated bidding system" for public works contracts.

Tokyo and Washington will hold bilateral trade talks on construction Monday and Tuesday in Washington.

The Japanese system requires that builders seeking public works contracts worth more than a certain value first obtain official designation as qualified bidders.

Nakamura also said he was perplexed by reports that his ministry will review the bidding system. The economic daily NIHON KEIZAI SHIMBUN said Friday the ministry will set up a committee in July to conduct the review.

Muto Welcomes U.S. Initiative on UNSC

OW1106034693 Tokyo KYODO in English 0332 GMT
11 Jun 93

[Text] Tokyo, June 11 KYODO—Foreign Minister Kabun Muto on Friday welcomed a U.S. initiative to make Japan and Germany permanent members of the UN Security Council but emphasized the necessity of international consensus.

Muto said at a press conference the U.S. policy shift seems to reflect a general tendency to expect "economically strong Japan and Germany to play a bigger role in building a new world order. We feel that the trend is the same internationally but we still have to see how broad consensus is," he said.

The U.S. proposal also did not make clear if Japan and Germany would be given veto power like the other five permanent members or how the necessary amendment of the UN Charter should be handled, Muto said.

Announcing the new policy Tuesday in a speech to the U.S. Foreign Policy Association, U.S. Ambassador to the United Nations Madeleine Albright said Washington "will be careful not to sacrifice the council's newfound effectiveness on the altar of reform." The remarks were seen as indicating that the U.S. intends to advocate only limited powers for the potential new members.

DPRK 'Test Fired' Missile Over Sea of Japan

OW1106022993 Tokyo KYODO in English 0209 GMT 11 Jun 93

[Text] Tokyo, June 11 KYODO—North Korea test fired a new type of missile with a range of 1,000 kilometers in late May over the Sea of Japan off Japan's Noto Peninsula, government sources said Friday.

Both the Defense Agency and U.S. forces have confirmed that the missiles were fired, the sources added. According to the sources, North Korea plans to extend the missile's range to 1,300 kilometers.

Miyazawa, Others Comment

OW1106051393 Tokyo KYODO in English 0445 GMT 11 Jun 93

[Text] Tokyo, June 11 KYODO—North Korea recently test launched a new medium-range missile capable of striking much of Japan with chemical and perhaps nuclear warheads, Japanese Government sources said Friday. It was the first time government sources have acknowledged the long-rumored Nodong-1, with an estimated range of 1,000 kilometers, has been completed and test launched.

The launch, still unconfirmed by the Defense Agency, reportedly took place about two weeks ago over the Sea of Japan.

Prime Minister Kiichi Miyazawa told reporters he had heard the rumors, but added he did not plan to protest to North Korea since, "it is only a rumor and there was no firm proof." Agency sources remarked that if the test launch took place, Japan could be susceptible to North Korean attack and this would be a "very grave problem."

According to the government sources, the test missile traveled only 500 kilometers, although it is claimed the Nodong-1 is capable of striking Osaka from the northern half of the Korean peninsula.

The sources also said North Korea plans to extend the range of the missile to 1,300 kilometers. If this happens, one source said, "North Korea could attack all of Japan with a launch from the cape north of Wonsan."

The development of the Nodong-1, based on the Soviet Union's SCUD-C missile, has long been rumored along with suggestions it would be sold to Iran in exchange for much needed oil.

Intelligence reports say the missiles would likely be capable of carrying chemical as well as nuclear weapons that Pyongyang and Tehran are supposedly attempting to develop.

On Thursday, Defense Agency policy chief Shigeru Hatakeyama told a House of Councillors committee Japan has no system of defense for the alleged North Korean missiles. The agency, however, is considering the purchase of the Patriot antimissile system that gained in reputation during the 1992 Persian Gulf war, knocking down Iraqi SCUDs fired at Israel and Saudi Arabia.

Agency officials said while they could not confirm the tests, they discovered two North Korean naval vessels in the Sea of Japan on May 29, but could not relate their presence to the alleged launch. The agency, however, said it could confirm that a test of the Nodong-1 took place in the summer of 1990 and failed.

The news of the test launch comes as North Korea's decision to withdraw from the nuclear non-proliferation treaty is due to take effect Saturday, and the 40th anniversary of the end of the Korean War on July 27 nears.

Muto Vows 'Countermeasures'

OW1106130993 Tokyo KYODO in English 1256 GMT 11 Jun 93

[Text] Tokyo, June 11 KYODO—Foreign Minister Kabun Muto said Friday Japan will take "countermeasures" if it is confirmed that North Korea has developed a missile capable of striking much of Japan with chemical and perhaps nuclear warheads.

The foreign minister made the remark to the House of Representatives' Foreign Affairs Committee in reply to a question concerning intelligence that North Korea test-fired an intermediate-range missile in late May and hit the target area. Japan "will have to take some countermeasures" if the intelligence were confirmed that Pyongyang had completed and test-launched the long-rumored "Nodong-1" missile, with an estimated range of 1,000 kilometers.

Muto stopped short of elaborating on what measures Japan might take to counter the threat to Japan's security posed by the new missile. "If (the successful test-firing) were true, it would pose a serious problem," Muto said.

Earlier in the day, Japanese Government sources said Pyongyang succeeded in test-launching the missile over the Sea of Japan.

Defense Agency officials said Japan would have to acquire a sophisticated new radar system to detect the launching and approach of North Korean missiles that could strike Japan in a short span of time.

At present, Japan has some simpler versions of the Patriot antimissile systems that grew in reputation during the 1991 Persian Gulf war by knocking down Iraqi Scud missiles fired at Saudi Arabia and Israel. However, their missile intercepting capability is lower than that of the Patriot missiles the U.S. Forces used during the Gulf war due to the absence of the sophisticated computer system that would enable the Japanese military to detect and take aim at intruding missiles with its Patriots, defense experts say.

The agency needs to consider the purchase of the advanced Patriot antimissile system, or expedite Japan-U.S. joint development of the GPALS antimissile system—short for the global protection against limited strikes, they said.

GPALS system is a modified version of the Strategic Defense Initiative—"Star Wars"—system that would empower the military to knock down high-speed intruding missiles, they said. The system is currently being developed jointly by the U.S. Defense Department and Japanese and U.S. defense contractors, they said.

Agency officials said that, while they could not confirm the tests, they discovered a North Korean frigate warship and a minesweeper in the Sea of Japan on May 29, but could not relate their presence to the alleged launch.

The agency, however, said it could confirm that a test of the Nodong-1 took place in the summer of 1990 and failed.

The news of the test launch comes as North Korea's decision to withdraw from the Nuclear Non-Proliferation Treaty is due to take effect Saturday, and the 40th anniversary of the end of the Korean war on July 27 nears.

EPA Reports Increased Aid to Developing Nations

*OW1106044193 Tokyo KYODO in English 0334 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Japan disbursed 11.33 billion dollars in Official Development Assistance (ODA) to developing nations in calendar 1992, up 2.7 percent from a year earlier, the government said Friday.

The provisional report, compiled by the Economic Planning Agency [EPA] for a cabinet meeting, said Japan is likely to retain its position as the world's top or second largest donor of ODA, in dollar terms, to developing nations. But the agency noted that some other nations of the Development Assistance Committee (DAC) of the

24-nation Organization for Economic Cooperation and Development (OECD) have not yet reported their official figures.

On a yen basis, the figure fell 3.3 percent to 1,435.2 billion yen due largely to the yen's appreciation by some 6 percent against the dollar.

For the five-year period up to 1992, the report showed that Japan's ODA disbursement reached 49.68 billion dollars, up 8.7 percent from the previous five years to almost attain the fourth medium-term target of 50 billion dollars.

Briefing reporters, an agency official attributed the slight shortage to such technical factors as the yen's appreciation and preparations by recipients. The average dollar-yen rate was 134.46 yen, compared with 205.35 yen in the previous five-year period.

In the latest reporting year, bilateral aid fell 4.4 percent to 8,482 million dollars, of which 4,620 million came in government and other loans, down 15.6 percent, 1,733 million dollars in free grants, up 13.7 percent, and 2,130 million dollars in technical assistance, up 13.9 percent.

The fall in government loans, which chiefly contributed to lower bilateral aid, was in reaction to increased loans in the previous year to the Middle East and surrounding nations in the wake of the Persian Gulf war, the agency said. Disbursement to Middle East nations accounted for 4.3 percent of the total figure, down from 20.4 percent, while the Asian nations' share came to 65 percent, up from 51 percent.

Covering the lower bilateral figures, assistance via international financial bodies rose 31.6 percent to 2,848 million dollars.

The 1992 assistance featured more aid in agricultural and industrial fields as well as debt easing, while funds decreased for transportation and other infrastructure projects.

The ratio of ODA to gross national product (GNP) came to 0.31 percent. But on the DAC's international standard which excludes aid to Eastern Europe, Japan's ODA is 11.15 billion dollars, up 1.8 percent, accounting for 0.30 percent of GNP.

LDP Dietmen Debate Political Reform

OW1106084093

[Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 6 May broadcasts a live, 60-minute roundtable debate entitled "What Will the Liberal Democratic Party [LDP] Do About Political Reform?" Taking part in the roundtable discussion are LDP Dietmen Shigeru Ishiba and Susumu Yanase representing reformists of the ruling party, Dietmen Masaaki Nakayama and Taku Yamamoto from the party's so-called political reform passivists, as well as

Keizo Obuchi, former LDP general secretary and currently general secretary of the party Political Reform Promotion Headquarters. NHK commentator Takashi Yamamoto acts as moderator for the program.

The moderator begins the program by introducing the results of a survey conducted recently by LDP executives to sound out views of party Diet members about political reform. The survey shows that 34 percent of the Dietmen favor adoption of a simple small electoral district system, that 27 percent think a compromise with opposition parties should be sought based on a plan to combine a small electoral district system with a proportional representation system [heiritsu-sei], that 31 percent think further compromise with the opposition should be possible, and that 7 percent think the current medium electoral district system should be maintained.

Moderator Yamamoto asks Dietman Nakayama, the party's passivist on political reform, to comment on the numbers in the survey. Nakayama responds: "I put my 'yea' mark on the medium electoral system in the survey. And to the question whether I would follow the party's decision once it is made, I replied I would." He insists that the survey does not reflect the thinking of the Dietmen accurately, and adds that some members, for instance, wrote they favor the adoption of the simple small electoral district system only because the party had earlier decided on it as a matter of party policy.

Dietman Ishiba of the party's reformist group is asked to give his view of the survey. He says: "I think the figures gave out a very accurate picture. Before the survey, our organization of young parliamentary members conducted a signature-collection campaign involving members of the upper and lower houses. We knew the simple small electoral district system was the best, but it was quite evident that we would not be able to get our political reform bills passed by this Diet as long as we stuck by that system. The signature-collection campaign was aimed at explaining that, given the situation, we should make efforts to reach a compromise. At that time, the same number of people as given in the recent survey agreed on the need for a compromise."

The moderator then directs a question at Dietman Yamamoto, representing the passivists, noting that according to some observations nearly 60 percent of the Dietmen believe that the bills should be passed at the current Diet session even if it means making a compromise by agreeing to adopt a "heiritsu-sei." Yamamoto insists there can be varying interpretations, and says: "No one will deny the need to revise the election system, but the question is in what manner it should be revised. It should be revised toward improvement. Depending on standpoints, perceptions can be different. We must not make a compromise just because a compromise can be made. Irresponsibility is a product of compromises. Our position is that we cannot push irresponsibility onto our people."

Dietman Yanase, the other reformist in the debate, says the survey showed that "about 60 percent of the people unequivocally want reform to be completed." He insists that 60 percent is a "great" percentage.

Former LDP General Secretary Obuchi, when asked to comment, says: "There can be differences of view on how the figures should be interpreted, but we should look at the figures frankly. We now have two weeks left [before the Diet session ends]. We will have to take these figures into account, and we must try to bring the Diet deliberations to a successful conclusion."

The moderator asks Dietman Nakayama if he does not want to make even a small concession with the opposition parties. Nakayama says what is needed is to remove corruption rather than revise the election system. He says: "To talk about the possibility of turning power over is tantamount to an act of engaging in self-denial." He notes that in the Osaka area, the LDP holds only 9 out of a total of 27 seats elected there, 11 out of 22 seats in Nagoya, and 18 out of 44 in Tokyo. He says that if a small electoral district system is adopted, the LDP will not have a single Dietman elected from the major cities.

Dietman Yanase, the reformist, is asked to comment on Nakayama's position. Yanase says: "As a basic principle of democracy, change of power should be made possible. Corruption arises when there is no change of power."

Former party General Secretary Obuchi says the small electoral district system agreed to within the LDP is most desirable, but adds that "the LDP is not the only party in the Diet; there are opposition parties."

Dietman Yamamoto says some people believe that a small electoral district system can eliminate corruption, but he believes such thinking is wrong, and insists that the reality in the UK proves it. He asserts that the system cannot prevent corruption.

The moderator notes that some observers think that those people who are saying the medium electoral district system is good after all or who insist the upper house election system should also be reformed are now trying to destroy the reform efforts. He asks "passivist" Dietman Nakayama to comment on the observers' view.

Nakayama does not comment on it directly, but admits he thinks the four political reform bills will not be passed in the current session of the Diet.

Dietman Ishiba, the reformist, then notes the LDP has made pledges on political reform in the platforms of the last several general elections. He says the bills must be passed at this Diet.

The debaters exchange views on merits and demerits of the small electoral district system and various systems of combining the small district system with the proportional representation system.

The moderator points out that the difference between the heiritsu-sei and the renryo-sei [another system of

combining the small district system with the proportional representation system] lies in the difference of how the proportional representation system should be organized. That being the case, he asks Obuchi if it is possible for the LDP to come to some kind of compromise with the opposition parties before the current Diet session ends.

Obuchi says that "if we try hard, I think it should be possible. But a major problem with the opposition parties' plan is that it is very difficult for people to understand the *renyo-sei*" proposed by the opposition parties.

Asked by the moderator if he thinks the bills will be passed by the Diet during the current session, Obuchi avoids a direct response. He simply answers that his "Election Reform Promotion Headquarters will do its very best."

LDP Moves To Abandon Bid To Enact Reform Bills

*OW1106134193 Tokyo KYODO in English 1057 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Prime Minister Kiichi Miyazawa's governing Liberal Democratic Party on Friday moved toward abandoning its bid to enact a set of political and electoral reform bills before the current session of the Diet ends on June 20, many LDP sources said. Miyazawa, however, vowed to continue last-minute efforts to achieve political reform.

Among domestic policy matters, Miyazawa has given top priority to political reform which the LDP and the opposition camp have proposed in the wake of series of money scandals and political corruption that led to last year's downfall of retired political powerbroker Shin Kanemaru.

The chairman of the LDP's decision-making Executive Council, Koko Sato, said most members of his panel are opposed to a compromise with the opposition over reforming of the country's money-guzzling, multi-seat constituencies for House of Representatives general elections. Sato said an overwhelming majority of the 30 Executive Council members are sticking to the LDP-proposed single-seat constituencies, opposing a compromise with opposition parties which calls for establishing a combination of single-seat and proportional representation.

Miyazawa, who has repeatedly vowed to achieve political and electoral reform during the current session of the Diet, however, said he would continue trying his best to the last minute before the legislature ends its 150-day ordinary session.

"A system of single-seat constituencies is the best plan," Sato told reporters. "A majority of the Executive Council

members claimed they should not make a compromise on an electoral system as the compromise will prompt a party crisis."

During Friday's meeting of the LDP Executive Council, a barrage of prudent views on the electoral system were expressed, party officials said. One council member said the LDP should not hastily reach a compromise with the opposition and that it is better for the ruling and the opposition parties to renew discussions in this fall's extraordinary Diet session.

Former Finance Minister Tsutomu Hata, who is regarded along with former LDP Secretary General Ichiro Ozawa as a staunch advocate of political reform, met with Miyazawa on Friday and urged him to take the lead to realize reforms, LDP officials said. Hata is leading the LDP's No. 5 faction, which broke away from the LDP's once biggest faction founded by former Prime Minister Noboru Takeshita and until last year led by retired kingmaker Kanemaru.

Kanemaru, who last year was fined 200,000 yen for taking 500 million yen in illicit political donations from the scandal-ridden Tokyo Sagawa Kyubin delivery firm, was arrested and subsequently indicted earlier this year on suspicion of dodging massive income taxes. Former Prime Minister Takeshita, who was Kanemaru's one-time ally, was also involved in the Tokyo Sagawa scandal and criticized for his winning help from a gangland boss in seizing power in 1987.

Miyazawa, in a reply to Hata, promised to make every effort to achieve political reform, the officials said.

In early April, the ruling party presented the Diet with a package of four political reform bills, which among other things called for introducing single-seat constituencies, which will allocate 500 seats to the lower house by cutting 11 from the current 511 in the house.

The country's two largest opposition parties, the Social Democratic Party (SDP) and Komeito, made a counter-proposal on an electoral system to cut the total seats of the lower house from the current 512 to 500, which will comprise 200 single-seat constituencies and 300 seats of proportional representation. But the opposition parties made a compromise after a private council proposed a plan in mid-April to bridge the gap between them and the LDP.

On June 2, the SDP, Komeito and the Democratic Socialist Party presented the Diet with a compromise plan which would combine 275 seats for single-seat constituencies with 225 seats based on a system of proportional representation in each of the country's 47 prefectures.

Planner Says Yen's Rise Hurting World Economy*OW1106031893 Tokyo KYODO in English 0300 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Japan's chief economic planner Friday voiced strong concern about the yen's rapid advance against the dollar, saying it will hurt the world economy.

Speaking at a news conference after a regular cabinet meeting, Hajime Funada, director general of the Economic Planning Agency, said the yen's rise is "very steep" and is "harmful to the U.S. economy and the overall world economy as well as to the Japanese economy."

The yen was trading mostly below 106 yen in Tokyo on Friday after touching an intraday high of 105.83 yen.

Funada also said the stronger yen could start showing its negative effects on Japanese exporters. "We would like to monitor (the effects) carefully in coming weeks," he said.

MITI Minister Warns of 'Dangers' of High Yen*OW1106030693 Tokyo KYODO in English 0255 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—International Trade and Industry Minister Yoshiro Mori warned Friday about the dangers of deflationary effects from the yen's continued rise and cautioned against being optimistic about the state of the economy.

Speaking at a post-cabinet meeting press conference, Mori said a recovery of industrial production has yet to come despite a decline in business inventories because many firms are watching exchange rates carefully before setting out to boost production. Mori said he expects any economic recovery to be gradual because the economy is no longer cyclical.

Hayashi Comments on Yen's Rise, Economy Issue*OW1106024593 Tokyo KYODO in English 0229 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Denouncing the yen's continued rise as speculative, Finance Minister Yoshiro Hayashi said Friday Japan will work with other major powers to prevent it from going even higher.

Hayashi told a press conference after a morning cabinet meeting that speculative moves fanned the yen's surge to historic high levels. "The yen rose despite the lack of incentives in New York," he said.

The yen was trading mostly below 106 yen Friday morning after touching an intraday high of 105.83 yen, backed by Japan's towering trade surplus.

Hayashi indicated continued campaigns to cap further rise in the yen, saying, "We are in close contact with the United States and European nations."

Asked about the economy, the finance minister supported a view expressed the previous day by Economic Planning Agency (EPA) Director General Hajime Funada that the economy has almost bottomed out.

"The economy is showing signs pointing to recovery and a further worsening of its state is unthinkable. In this sense, we can say the economy has hit bottom," he said.

His remarks came as Funada's view was disputed by some blocks of the government, notably the Trade Ministry and the business world, which believe there is a wide gap between Funada's opinion and the actual economy.

Central Bank Provides Quarterly Survey Results*OW1106074493 Tokyo KYODO in English 0723 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Business sentiment among major Japanese manufacturers stopped declining for the first time since November 1989 the Bank of Japan reported Friday in its quarterly survey for May. But a senior central bank official said "There is no evidence that this is the turning point" of the current slowdown.

He said business conditions do not seem to get any worse, but there still remain uncertainties, including a possibility of a double-dip recession, considering the weakness of corporate plant and equipment spending plans.

In the quarterly Tankan business survey, the benchmark business confidence of major manufacturers remained at the same level in May as in February. The index stood at minus 49, a difference of percentages between those said conditions are good and vice versa.

In the previous survey for February, major manufacturers were expecting the index to improve to minus 41.

Meanwhile, the confidence index of major nonmanufacturers slipped to minus 38 from minus 33 in February, but the official said that the setback is not as great as it appears due to some technical changes made during the period.

Major manufacturers said they hope the index will improve to minus 37 in the next survey to be conducted in August, and nonmanufacturers predicted that it would improve to minus 31.

The official said that despite the end of the decline of business confidence among major manufacturers, uncertainties remain partly due to the accelerated appreciation of the yen against the dollar as well as concerns over whether fiscal stimulus measures introduced by the government will successfully spur private sector demands such as personal consumption and corporate fixed spending.

According to the central bank, the dollar was changing hands at about 110 to 111 yen when the survey was conducted, and the U.S. currency's latest round of decline below the 110 yen line is not reflected in the statistics.

The dollar is currently being traded in the lower 106 yen level.

The official said the further strengthening of the yen apparently would have weakened confidence if it had been taken into account in the latest data.

Capital spending plans by major manufacturers in the current fiscal year, which began in April, was revised downward by 3.6 percentage points from the previous February survey to minus 10.5 percent. The figure was revised downward 0.3 point for nonmanufacturers to a minus 1.1 percent year on year, while on an all-industry basis it dropped 1.4 point to a minus 4.4 percent.

Another element contributing to uncertainties over the future was the 2.2-point downward revision of sales outlook by major manufacturers in fiscal 1993 to a 1.0 percent growth from fiscal 1992.

But according to the figure on six-month basis, their sales are predicted to gain 3.0 percent in the latter half of fiscal 1993 from the first half, after growing 0.6 percent in the first six months.

In the current fiscal year, major manufacturers project domestic demand for their goods will be 2.0 points short from the February forecast, rising 1.4 percent from a year earlier. Exports, however, are predicted to fall 0.3 percent from fiscal 1992 after being revised downward by 3.1 points.

The index for surplus labor for 716 surveyed companies, including manufacturers and nonmanufacturers, improved to plus 16 in May from plus 13 in February, but pollsters predicted it will shrink again by the time of the next survey in August.

Pretax profits of major manufacturers are forecast to dip a yearly 0.9 percent in the current fiscal year, after plummeting 31.0 percent in fiscal 1992.

One of the brighter aspects of the survey is the progress in inventory adjustment in May as the product supply-demand index improved to minus 49 from minus 51, which indicates an easing of excessive supply. The senior central bank official said the inventory adjustment has entered its final phase but progress depends on the recuperation of private-sector demand.

Yasumori Takahashi, senior economist of the Industrial Bank of Japan, said he is focusing more on the fact that the data did not improve, rather than on the fact that the decline of the manufacturing business confidence came to a halt.

"We should instead say the index failed to improve despite such expectations and in spite of progress in the inventory adjustment," Takahashi said.

The further appreciation of the yen is another concern, he said, since "each yen's worth of appreciation above the 110 yen line will be quite tough for exporters."

Predicting the yen will continue to be strong until the July 7-9 summit of the Group of Seven (G-7) major industrial countries, Takahashi said the outcome of the August survey will depend on the dollar-yen exchange rates as well as expansion of domestic demand.

The latest Tankan showed inventory levels considerably reduced from February, with the index shrinking from 38 to 31 in May.

Meanwhile, Masaru Takagi, chief economist of Fuji Research Institute, said the survey backed his belief that the economy has bottomed out although the strength of the recovery may not be very great.

He said business confidence was worse than he expected, partly blaming that on the rapid advance of the yen against the dollar since February.

But he also expressed relief that confidence was no longer on the decline among major manufacturers and for the fact that business sentiment among small- and medium-sized companies had improved from February.

The confidence index for the smaller manufacturers climbed to minus 34 from minus 38, and a further improvement to minus 30 was predicted for the next survey. The senior Bank of Japan official said it is quite unusual that small and medium sized companies are optimistic about their outlook.

The index in the nonmanufacturing sector moved to minus 20 from minus 22, with a forecast of minus 16 for the next survey.

Takagi was skeptical there would be a further deterioration of business conditions but nevertheless called for a possible income tax reduction and lower official discount rate to secure the path to recovery.

However, the senior central bank official indicated the latest Tankan would not lead the bank to change its monetary policy.

Finance Firms' Capital Investment Fall Noted

*OW1106132293 Tokyo KYODO in English 1135 GMT
11 Jun 93*

[Text] Tokyo, June 11 KYODO—Capital investment planned by 202 financial institutions in fiscal 1993 fell 8.3 percent from the previous year to 2.1 trillion yen, the third straight year-on-year decline, the Bank of Japan reported Friday [11 June].

The central bank, however, said the figure represented a 0.3 percent upward revision, compared with a previous survey conducted last February.

It said investment plans by 25 insurance firms rose 5.9 percent while those by 150 banks and 27 brokerage houses increased 17.3 percent and 68.1 percent, respectively.

The central bank said the securities firms have down-scaled their investment plans by 37.8 percent from the previous survey.

Mongolia

Report Details Presidential Election Results

LD1006121493 Moscow ITAR-TASS World Service in Russian 1011 GMT 10 Jun 93

[By ITAR-TASS correspondent Dugar Sandzhiyev]

[Text] Ulaanbaatar, 10 Jun—A total of 1.25 million voters, or 92.7 percent of Mongolians eligible and registered to vote, took part in Sunday's [6 June] presidential elections in Mongolia. Of those who went to the polls, 57.8 percent voted for the country's present leader, 51-year-old Punsalmaagiyn Ochirbat. These figures were announced today by Sodnomyn Lhagvasuren, the chairman of Mongolia's Chief Electoral Commission.

At a news conference for local and foreign journalists, the chairman of the commission said that another 38.7 percent of those who turned out voted for Lodongiyn Tudev, the 58-year-old editor in chief of the newspaper UNEN. According to his information, there was only one breach of the law on presidential elections. At one polling station in Hovsgol Aymag, members of the Election Commission decided to speed up the count and opened up two of three ballot boxes 45 minutes before voting was supposed to end. The voting will be redone there on 14 June.

For the first time in Mongolia's history, a general election to choose a head of state was monitored by 22 foreign observers from 12 countries of the world.

MPRP Official Cited

LD0906160793 Moscow ITAR-TASS World Service in Russian 1045 GMT 9 Jun 93

[By ITAR-TASS correspondent Dugar Sandzhiyev]

[Text] Ulaanbaatar, 9 Jun—The Mongolian People's Revolutionary Party [MPRP] is not making a drama out of the defeat of its presidential candidate in the nationwide elections for head of state which took place on Sunday [6 June]. Voters have made their choice, and we will stand by it, party General Secretary Budragchaagiyn Dash-Yondon said here today when talking to foreign and local newsmen in the press center of the Mongolian Foreign Relations Ministry.

He believes that the main outcome of the presidential election is that the people have supported the course toward the democratic renewal of society and market relations in the economy implemented by the Great Hural and by the cabinet formed by it.

The MPRP has an absolute majority in the parliament, and Mongolia has a single-party government.

We will urge our party group in the Great Hural to support the choice of the people while endorsing the official elections results, Mr. Dash-Yondon said.

Asked how the party is planning to act with regard to those of its members who voted against their own candidate, he said that in his estimate one-third of all members have in fact done precisely that. This shows that pluralism is strong within the MPRP and that there will be no harassment by the majority. One should draw the right conclusions, learn the lessons, and work better, the party's general secretary stressed.

North Korea

Kang Song-san Proposes 15 Jun Contact With South

SK1106031693 Pyongyang Korean Central Broadcasting Network in Korean 0200 GMT 11 Jun 93

[Text] DPRK Administration Council Premier Kang Song-san today sent a telephone message to South Korean Prime Minister Hwang In-song. The message urged the South side to make a decision to broad-mindedly accept [taebom hage badadurida] our proposal for the exchange of special envoys. If the South side has the genuine will to resolve the nation's denuclearization issue and is interested in peace and reunification, then it will now trust the fellow countrymen instead of trying to read the faces of other people and follow their will.

The content of the telephone message is as follows:

I received your telephone message dated on 9 June.

I, first of all, regret that in that telephone message, your side stubbornly insisted on previous assertions and failed to show any sincerity [songui] for resolving the problems.

I think that one cannot resolve the pending issues to be discussed by the North and the South with the past way of thinking and attitude of confrontation.

If the questions, which have up to now not been resolved by working-level officials [silmukup] of the North and the South, are to be discussed face to face at such a low level [najun kup], it would only waste time and energy. Your side cannot deny this.

Your side, even after knowing clearly this fact, is attempting to leave the nation's important matters to the

working-level delegates [silmu taepyodul]. We cannot regard this as a sincere attitude for resolving the problems.

In general there are separate issues that should be discussed by high, responsible-level [chaegim innun noppun kup] officials while there are other issues that should be discussed at the lower-level talks according to the issue's importance. However, you said in the current telephone message that the success in resolving the issues is not determined by the level of talks, whether it is high or low, although you stated that the nuclear issue is important. We must say your remarks contradict even common sense.

Moreover, you said that what determines an issue is not the level of contact but the intention. We can, therefore, hardly understand why your side cannot accept our proposal for exchange of higher-level special envoys while adhering to a lower working-level contact.

Also, with regard to the nuclear issue, while successively sending high-level officials to foreign countries, your side has hesitated to exchange high-level officials in its own country. This makes me feel that the proposal advanced in your recent message of resolving the nuclear issue from a nationalist standpoint is mere hypocrisy [kasik].

Your side has failed to courageously decide [yongdan] to accept our proposal for exchanging special envoys to resolve the issue of the denuclearization of the Korean peninsula and all other pending issues between the North and South. We have no choice but to think that this is not due to a lack of understanding of our proposal but because your side pays attention to other people's words.

If your side intends to practically resolve the issue of the country's denuclearization and is truly interested in peace and peaceful reunification, it must, even now [ijerado], believe [mitko] in its fellow countrymen and decide [kyoltan] to broad-mindedly [taebomhage] accept our proposal for exchanging special envoys, instead of looking to other people and following their opinions.

From this standpoint, I again propose to hold a contact of working-level officials [silmujadurui chopchok] for exchanging special envoys of the top leaders of the North and South at 1000 [0100 GMT] on 15 June at Tongilgak, on our side's area of Panmunjom.

Our side will send Kim Wan-su, a responsible councilor [chaegimchamsa] in charge of reunification under the Administration Council, and Chon Ung-yol, a responsible director [chaemjidowon] of the Administration Council, to this contact along with three delegation members.

I await your side's affirmative response.

Talks With U.S. To Continue in New York 11 Jun

*SK1106032993 Pyongyang Korean Central
Broadcasting Network in Korean 0313 GMT 11 Jun 93*

[Text] The two sides have agreed to continue the DPRK-U.S. talks. The talks between the DPRK and the United States of America are to continue this afternoon [11 June] in New York.

This was agreed upon by the two sides at the talks held yesterday.

Pyongyang Denies Seeking Economic Aid From Israel

*SK1106103993 Pyongyang KCNA in English 1027
GMT 11 Jun 93*

[“Foolish False Propaganda”—KCNA headline]

[Text] Pyongyang, June 11 (KCNA)—The reptile press of the United States and some other Western countries are now spreading the rumor that the Democratic People's Republic of Korea is negotiating with Israel to get “aid”.

Recently, the U.S. weekly TIME carried a ridiculous report that the DPRK was hoping for “economic aid” from Israel to make up for the “loss from the stoppage of arms sale to Iran” and extended an invitation to the Israeli foreign minister.

This is a totally unfounded fabrication and another malicious smear campaign to slander the DPRK.

We declare it in explicit terms that the DPRK that has made consistent efforts for world peace and security has never sold missiles and other mass destruction weapons to Mideast nations. So, their talking about the stoppage of arms sale is nothing but a fiction.

Preposterous is the allegation that the DPRK requests for “economic aid” from Israel in return for the discontinuation of “arms sale” to Mideast countries.

It requires little penetration to see what the United States seeks in this artifice.

The United States is now trying by hook or by crook to take international “sanctions” against and put pressure on the DPRK over its fictitious “nuclear arms development”. The aforesaid report is intended to drive a wedge between the DPRK and Mideast countries in a bid to inveigle Mideast nations and other non-aligned countries into this scheme.

Though the U.S. and other Western media are foolishly attempting to foster distrust between the DPRK and Middle East countries availing itself of the acute situation created by the “nuclear problem”, they must clearly know that they have nothing to get therefrom.

The DPRK will as ever stand on the side of the Arab peoples. No intrigue can break the traditional relations of friendship and cooperation between the Korean and Arab peoples.

Hanminjon Denounces 'Suppression' of ROK Students

SK1106104193 Pyongyang KCNA in English 1005 GMT 11 Jun 93

[Text] Pyongyang, June 11 (KCNA)—The spokesman of the South Korean National Democratic Front ("Hanminjon") published a statement on June 8 regarding the intensified suppression of the South Korean Federation of General Student Councils ("Hanchongnyon") by the South Korean authorities, according to the Seoul-based Voice of National Salvation.

The statement says:

The current repressive moves of the authorities openly reveal their intrigues to stifle Hanchongnyon, the legitimate heir to the National Council of Student Representatives (Chondaehyop).

The suppression of the students' movement by the present "regime" cannot be justified with any reason and excuse.

With this suppression of the students' movement, the present "regime" vividly revealed its limitedness as the "successor to the Sixth Republic" with the existing military dictatorial forces as its foothold and a "civilian fascist regime" performing a balancing act on a rope between the conservative forces and the renovative forces.

"If the present 'regime' truly has the will for civilian politics and democratic renovation, it should promptly stop the wholesale arrest of the Hanchongnyon hardcore members and immediately release the imprisoned patriotic students."

Students Denounce South for Arrest Warrants

SK0706110893 Pyongyang KCNA in English 1009 GMT 7 Jun 93

[Text] Pyongyang, June 7 (KCNA)—The overseas headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon) published a statement on June 3 denouncing the South Korean authorities for running about madly to arrest the presidium members of the South side headquarters of Pomchonghangnyon including Kim Chae-yong, chairman of the South Korean Federation of General Student Councils (Hanchongnyon).

The first presidium meeting of Pomchonghangnyon on May 29 was held in the form of telephone talks linking Seoul, Beijing and Tokyo.

"The agreement at the presidium meeting of Pomchonghangnyon was reached not by instructions or according

to intentions of any one side," the statement says, "yet, the South side's authorities are going to arrest the presidium members of the South side headquarters. We cannot repress surprise and indignation at their anti-reunification behaviour."

"The South side's authorities should scrap the 'National Security Law', and recognize the activities of Pomchonghangnyon which is playing a vanguard role in accelerating the country's reunification through a great national unity and actively encourage them," notes the statement.

The statement demands that the South Korean authorities immediately withdraw the arrest writs against presidium members of the South side headquarters, stop suppression of the non-governmental independent movement for reunification of the National Alliance for the Country's Reunification (Pomminnyon) and Pomchonghangnyon and others including June 12 Panmunjom talks and fully ensure their activities.

Group Denounces South for 'Trampling' Resistance

SK1106055493 Pyongyang KCNA in English 0434 GMT 11 Jun 93

[Text] Pyongyang, June 11 (KCNA)—Cho Il-min, chief of the mission of the South Korean National Democratic Front (Hanminjon) in Pyongyang, in a press statement issued Thursday on the occasion of the sixth anniversary of the June resistance of the South Korean people, scathingly denounced the South Korean authorities for trampling down the noble spirit of the June people's resistance, opposing and rejecting the fellow countrymen by following outside forces and suppressing the people.

The statement says:

"The June resistance was a heroic resistance of the people which widely demonstrated to the whole world the people's staunch spirit of independence and their will for change, not yielding to any despotism and repression, and thereby dealt a fatal blow at the colonial fascist dictatorial system of the U.S. imperialists and greatly contributed to bringing about the fall of the Chon Tu-hwan military fascist group.

"The desire for genuine democracy and independence which the South Korean people earnestly called for in the June popular resistance has not yet been realized," the statement says, and goes on:

"The South Korean authorities turn away from the '10-point programme of the great unity of the whole nation for the reunification of the country' which consummates the urgent demand and firm will of the 70 million fellow countrymen desirous of peaceful reunification, and criminalize and arrest patriotic students struggling to accelerate the country's reunification. This is an unpardonable act.

"Our Hanminjon will valiantly conduct the reunification movement to realize the '10-point programme of the

great unity of the whole nation for the reunification of the country' in the van of the patriotic people of broad segments of South Korea and not stop the steps of struggle till the day of reunification when the U.S. imperialists have been driven out of South Korea and genuine politics embodying justice realized."

Daily Views 'People's Resistance'

SK1106110793 *Pyongyang KCNA in English 1035*
GMT 11 Jun 93

["South Korean People Will Fight Staunchly Till They Have Realized Their Desire for Independence, Democracy, and Reunification"—KCNA headline]

[Text] Pyongyang, June 11 (KCNA)—NODONG SINMUN today dedicates a by-lined article to the sixth anniversary of the heroic June people's resistance in South Korea.

The June people's resistance gave the serious lesson that the South Korean people's ardent desire for independence, democracy and reunification cannot be realized unless the U.S. imperialists' occupation and colonial domination are terminated in South Korea, the article says, and goes on:

The situation in South Korea has not changed although a new "regime" styling itself "civilian government" came into being.

Loudmouthed as they are about "civilian politics" and "reform", the South Korean authorities are, in actuality, reenacting the flunkeyist, traitorous politics of dependence on outside forces, anti-national, anti-democratic and anti-reunification politics of treachery which the fascist dictators of the "Fifth and Sixth Republics" had pursued.

This proves that the present "civilian regime" of South Korea is a marionette "regime" devoid of national independence like the preceding military fascist "regimes".

As long as South Korea remains a colony of the United States and the anti-national force is at the helm of power, the people's desire for social transformation and national reunification cannot be realized.

The South Korean students and people have again turned out to the plaza of struggle on the occasion of the 13th anniversary of the Kwangju popular uprising. This indicates that they are disappointed at the unsubstantial "civilian politics" and "reform" advertised by the present "regime". They will not lower their banner of struggle till they have realized their cherished historical desire for the independence and democratization of society and national reunification.

If the South Korean authorities really seek "civilian politics" and "reform", they must get the U.S. troops and nuclear weapons that stand in the way of national independence and reunification withdrawn from South

Korea, dissolve and scrap the repressive machines and evil laws of the "Sixth Republic" including the "Security Planning Board" and the "National Security Law" and promptly stop brutal suppression of the people who aspire after independence, democracy and reunification. And they must respond sincerely to the DPRK's proposal for the exchange of presidential envoys which will open a new phase of turn in improving North-South relations and bring a joy and hope of reunification to the fellow countrymen.

South Farmers 'Ardently Revering' Kim Il-song

SK1106105193 *Pyongyang KCNA in English 1020*
GMT 11 Jun 93

["North's Agricultural Development Goes Beyond Imagination"—KCNA headline]

[Text] Pyongyang, June 11 (KCNA)—South Korean peasants are ardently revering the great leader President Kim Il-song who has built a socialist ideal land in the northern half of the country.

A peasant surnamed Kim residing in Changnyong, South Kyongsang Province, told his colleagues:

"If we peasants are to do farming without worries, a policy like that in the North must be enforced.

"General Kim Il-song always sits knee to knee with peasants to acquaint himself with farming. He has personally invented a unique farming method and guided peasants to do farming on a scientific basis.

"It is entirely thanks to his policy of giving priority to agriculture that all the peasants in the North work joyfully and enjoy a worthy life without worries in doing farming."

A peasant Kang in Taegu told his family members and relatives:

"When I was in Japan, I had an opportunity to see the reality of the countryside of the northern half of the country through TV. The agricultural development of the North is beyond imagination.

"There are many reservoirs in valleys and the arable land is covered with chessboard-like irrigation networks.

"Indeed, General Kim Il-song is not only a great statesman but also an eminent doctor of agriculture and nature-remaker."

A peasant in Haenam, South Cholla Province, said:

"The North is the society we the peasants are longing for. The day will surely come when we will live a happy life under the administration of General Kim Il-song like the peasants in the North."

Papers View 1969 Dismantling of U.S. Base in Libya*SK1106105093 Pyongyang KCNA in English 1015 GMT 11 Jun 93*

[Text] Pyongyang, June 11 (KCNA)—The dismantling of the U.S. military base in Libya 23 years ago was a great victory of the Libyan and other African nations who hold dear the national dignity and sovereignty, say papers here today in by-lined articles.

NODONG SINMUN says:

After the dismantlement of the U.S. military base the imperialists were engaged in false propaganda against Libya, branding it as "terrorist" in an effort to isolate it, and committed an open armed intervention against this country. Even at the moment they are increasing pressures on Libya including economic sanctions.

However, the Libyan people are making a vigorous progress, not yielding to it.

The imperialists must stop their anti-Libyan moves.

The U.S. aggressive military bases and troops present in different regions of the world, the leftover of the Cold War era, go against the trend of the present times.

Either in view of the trend of the times toward independence, or in view of the current of the situation towards detente, the United States must withdraw its military bases and troops from the territories of other countries.

MINJU CHOSON notes that the Korean people extend firm support and solidarity to the libyan people in their just struggle.

No force can block their cause of building a new society independently without any outside interference, the paper says.

Military Attaches Help in Monument's Construction*SK1106054593 Pyongyang KCNA in English 0450 GMT 11 Jun 93*

[Text] Pyongyang, June 11 (KCNA)—Foreign military attaches corps on June 10 helped in the construction of the monument to victory in the Great Fatherland Liberation War now under way here.

They helped and encouraged builders in the efforts to erect the magnificent monument before the 40th anniversary of the victory in the war.

Doyen of the corps Emilio Morales Segui, military attache of the Cuban Embassy said the monument to victory in the Fatherland Liberation War is a significant one showing the spirit of the Korean people and their conviction of the victory of the socialist cause and will.

Noting that the Korean People's Army and people who won in the Fatherland Liberation War are now vigorously advancing under the wise leadership of the great leader Comrade Kim Il-song and the Workers' Party of Korea, upholding the banner of socialism, he stressed that Cuba, like Korea, would fight it out to accomplish the socialist cause under the banner of socialism.

Military attache of the Egyptian Embassy here Hani Khalid Ahmad said the monument is a grand monument to brilliant victory won by the great idea and leadership. Only victory and glory are in store for the Korean people and People's Army who hold in high esteem the great leader Comrade Kim Il-song who defeated two imperialisms in one generation and respected Supreme Commander Comrade Kim Chong-il, he added.

Party Urges Upgrading National Living Standard*SK1106094493 Pyongyang Korean Central Broadcasting Network in Korean 0600 GMT 9 Jun 93*

[Unattributed talk: "Constantly Upgrading the People's Living Standard Is the Supreme Principle in Our Party's Activities"]

[Text] The slogans of the party Central Committee announced on the occasion of the 40th anniversary of victory in the fatherland liberation war contains an appeal to register an epoch-making turning point in upgrading the people's living standard this year.

Assuming the constant upgrading of the people's living standard a supreme principle in party activities, our party has always directed deep interest and attention to this work.

The dear leader Comrade Kim Chong-il has indicated: It is a supreme principle in our party activities to constantly upgrade the people's living standard. Our party, bearing full responsibility for our people's destiny, is struggling to provide them with a more abundant and more civilized life.

Amongst party principles, a supreme principle plays a most important role in the party and is the ultimate objective of all party activities. The supreme principle in the party activities reflects the basic demands and aspirations of the working popular masses, and all other principles are subjugated to this principle.

Therefore, the supreme principle in the party's activities is a principle which one should always thoroughly adhere to and observe in all activities of the party.

The party's adoption of constant upgrading of the people's living standard as a supreme principle in party activities means that the upgrading of the people's living standard has been designated a most important task under which all party work and activity are subjugated.

In other words, this means that the party concentrates all activities, including the establishment of lines and policies, on constantly upgrading the people's material and

cultural living standards and that the party directs the greatest interest and attention to upgrading the people's living standard.

The fact that the constant upgrading of the people's living standard is a supreme principle in our party's activities is related to our party's revolutionary character. The principle of party activities is defined by the revolutionary character of the party and the party's character is defined by its guiding idea and its social and class foundations.

Our party is a leading political organization which assumes the great *chuche* idea as a guiding ideology and represents the interests of a broad range of the working popular masses including the working class.

The *chuche* idea, our party's guiding ideology, is a most thoroughgoing revolutionary idea which regards the popular masses—the masters of revolution and construction—as the most precious and powerful existence and which places protection and realization of their interests as the basic objective of the revolution.

The revolutionary character of our party as the *chuche*-type party is defined by the *chuche* idea, and the *chuche* idea expounds the basic principle of our party's activities.

Based on its essential class nature, our party is a revolutionary vanguard unit of the working popular masses which thoroughly defends and realizes the interests of a broad range of the working popular masses including the working class.

For our party—the revolutionary vanguard unit of the working class—no activity that disregards the demands and interests of the popular masses can exist, and no work is more important than the constant upgrading of the people's living standard.

Constantly upgrading the people's living standard is a supreme principle of our party's activities because our party is the maternal party which leads the popular masses by bearing the responsibility for their destiny.

Our party was founded upon the demand of the revolutionary struggle to shape our people's destiny and future. Our party regards leading popular masses by being responsible for their destiny a basic mission. Therefore, the relations between our party and people are that of leading and being led, and at the same time, that of giving and receiving life. Their relations are such that the party takes care of the popular masses's destiny while the popular masses entrust the party with their destiny.

Proceeding from its lofty mission and revolutionary duties and taking full responsibility for the destiny of our people, our party has brought the people to the front as genuine masters of the state and society.

By taking full responsibility for their material and cultural life, together with their political life, our party is making efforts to upgrade their living standard one by one.

The designation of constantly upgrading the people's living standard as a supreme principle in our party's activities is related to our party's purpose of struggling to build socialism and communism.

Putting forward a program of remodeling the whole society on the *chuche* idea, our party today is vigorously waging the struggle to constantly strengthen, develop, and accomplish popular mass-centered socialism of our own style.

The struggle to build and accomplish socialism under the banner of remodeling the whole society on the *chuche* idea is intended to make all members of society genuine *chuche*-type communist revolutionaries with the noblest traits and temperament and to thoroughly reform nature and society according to the demand of the *chuche* idea in order to occupy ideological and material fortress of communism. This work is designed to foster all workers to have independence and a creative existence and to enable them to enjoy a rich and civilized life.

The ultimate purpose behind our party's acceleration of socialist and communist construction by putting forward the program for remodeling all society on the *chuche* idea is to make our people enjoy a better life as the genuine masters of the state and society.

Constantly upgrading the people's living standard proceeding from such an aim in socialist construction is a supreme principle in our party's activities.

By bringing the popular masses into the center of all activities, our party has made its overall works become the organizational and political work so as to enable the people to fully enjoy a valuable life and happiness as social men [*sahoejog ingan*]. As a result, our people are living happily without any worries and anxiety in all fields of life, including the issues of food, clothing, and shelter, education of their sons and daughters, and even medical treatment.

Today we are facing an important task to further upgrade the people's material and cultural living standard by upholding the party's intention.

All functionaries, party members and workers should vigorously carry out the struggle to upgrade the people's living standard by upholding the slogans of the party Central Committee announced on the occasion of the 40th anniversary of victory in the fatherland liberation war so that our people's century-long desire to eat rice with meat soup, to wear silk clothes, and to live in a tile-roofed house be achieved at an early date.

Kim Il-song Sends Wreath to Bier of Yi Mun-hae*SK1106045893 Pyongyang KCNA in English 0419
GMT 11 Jun 93*

[Text] Pyongyang, June 11 (KCNA)—The great leader President Kim Il-song sent a wreath to the bier of the late Yi Mun-hae who was a councillor of the Central People's Committee, expressing deep condolences over his death.

KCNA Reviews 11 Jun Pyongyang Press*SK1106062893 Pyongyang KCNA in English 0446
GMT 11 Jun 93*

[Press review]

[Text] Pyongyang, June 11 (KCNA)—Papers here today carry a message of greetings sent by President Kim Il-song of the Democratic People's Republic of Korea to Mu'ammar al-Qadhafi, leader of the great September First Revolution of the Great Socialist People's Libyan Arab Jamahiriya, on the occasion of the 23rd anniversary of the dismantlement of the U.S. military base in Libya.

NODONG SINMUN informs the readers that the great leader President Kim Il-song sent a wreath to the bier of Yi Mun-hae, former councillor of the Central People's Committee of the DPRK.

Reminiscences of President Kim Il-song "With the Century" has been published in Russia and disseminated and studied in different countries, according to the paper.

Under the title "Politics of President Kim Il-song Is Politics of Trust and Love", the paper conveys world public voices praising his policies.

Carried in the paper is a report that South Korean people of various strata who are following the dear leader Comrade Kim Chong-il, holding him in high esteem, are bringing Kimjongilia into bloom.

An article of the paper deals with the love shown by President Kim Il-song and Comrade Kim Chong-il to Yim Kun-sang, former chairman of the management board of the Okto Cooperative Farm in Yonggang County, Nampo Municipality, and his son.

Under the title "Chuche Idea Is the Only Guiding Idea of the Present Times", the paper reports that more than 1,000 chuche idea study groups are active worldwide and works of President Kim Il-song and Comrade Kim Chong-il have been widely published.

NODONG SINMUN and MINJU CHOSON run articles under the respective titles "Method of Education by Positive Influence Is Consistent Policy of Our Party and [words indistinct] Arm People With Idea of Socialism Is Guarantee for Defending Socialist Cause".

Spotlighted in the press is a report that the agricultural working people are hastening weeding to harvest a bumper crop this year in which falls the 40th anniversary of the victory in the war.

The Tanzanian president met with DPRK Vice-president Yi Chong-ok and the DPRK ambassador to the Congo paid a farewell call on the president of the host country, says the press.

The press carries accounts of the Pyongyang meeting held to mark the 67th anniversary of the June 10 anti-Japanese independence demonstration.

It is reported in the press that a spokesman for the South Korean National Democratic Front (Hanminjon) made public a statement denouncing the authorities' crack-down on the South Korean Federation of General Student Councils ("Hanchongnyon") and the chief of the Hanminjon mission in Pyongyang issued a statement to the press on the occasion of the 6th anniversary of the June resistance of South Korean people.

Kwangju citizens of South Korea demanded the removal of an American organ and demanded that May 18 when an uprising for independence, democracy and reunification broke out be set as an official memorial day.

On the 6th anniversary of the June popular resistance of the South Korean people in 1987, NODONG SINMUN comes out with an article titled "They Will Fight Staunchly Till Their Desire for Independence, Democracy and Reunification Is Realised" and MINJU CHOSON with an article captioned "The Desire for New Policy and New Life Must Be Realised".

Eighteen organisations in Nepal in a letter to the U.S. president expressed the hope that the DPRK-U.S. talks would be a signal for world peace and security, according to NODONG SINMUN.

MINJU CHOSON runs articles exposing the moves of Japan to become a military and nuclear power. The press reports that Fidel Castro declared Cuba was advancing on its track toward its aim, the Zimbabwean president referred to the issue of stability of southern Africa and the chairman of the Executive Committee of the Palestine Liberation Organisation clarified his principled stand toward the peace process.

The press dedicates articles to the 23rd anniversary of the dismantlement of the U.S. military base from Libya.

NODONG SINMUN deals with the serious food crisis in Africa.

South Korea

Reportage on 10 Jun Talks Between U.S., North

Sides Agree To Meet 11 Jun

SK1006233793 Seoul YONHAP in English 2327 GMT
10 Jun 93

[Text] United Nations, June 10 (YONHAP)—The United States and North Korea ended the third round of their high-level talks on the North Korean nuclear issue without making any breakthrough Thursday [10 June]. But they agreed to meet again on Friday.

The U.S. mission to the United Nations announced that the two sides decided to meet again on Friday. It did not say anything about Thursday's meeting.

But diplomatic sources said the fact that they decided to meet again Friday indicated they had made some progress.

A United Nations diplomatic source said that if North Korea had continued to refuse to retract its decision to withdraw from the nuclear Non-Proliferation Treaty [NPT] at Thursday's meeting, the United States would not have agreed to another round of talks.

It was obvious, the diplomat said, that North Korea must be making demands in return for staying in the NPT.

Other sources said, however, they could not rule out the possibility that North Korea might be employing delaying tactics in order to prolong the negotiations beyond June 12, when the North Korean decision to leave the NPT takes effect.

Kang Sok-chu, North Korea's chief delegate and first vice foreign minister, said Friday's fourth round of talks will begin 4 P.M. local time (5 A.M. KST [Korean standard time] Saturday).

Earlier, Kang told reporters at the end of the morning session that he was optimistic about the outcome of the talks.

"I expect our talks in the afternoon will proceed smoothly," Kang said. "We just had serious discussions on various issues in a good atmosphere."

Robert Gallucci, assistant secretary of state for political and military affairs, who represented the United States at the talks, simply said the talks would go on in the afternoon. He declined to answer any questions from reporters.

Following the afternoon talks, Kang said, "yes," when he was asked by reporters whether there were new proposals. He thus indicated that North Korea would return to the NPT conditionally.

Sources noted that the fourth round of talks is scheduled to begin late in the afternoon and said it is highly likely North Korea will clarify its position for staying in the NPT at that time.

North Korea's Kim Kye-kwan, a roving ambassador, and Ho Chong, deputy ambassador to the United Nations, who attended Thursday's meeting, told reporters that the talks "progressed smoothly."

U.S. Said To Propose Normalization

SK1106034193 KBS-1 Seoul Radio Network in Korean
0210 GMT 11 Jun 93

[By reporter Yu Kyun from Tokyo]

[Text] Japan's MAINICHI SHIMBUN, in a report from New York, reported today that during the last two rounds of the U.S.-DPRK high-level talks, the U.S. Government presented North Korea with a three-step plan to normalize relations between the United States and North Korea.

The paper, quoting remarks made by a high-level U.S. Government official concerned, reported that this is the first time the United States has put forward detailed plans for normalizing relations with North Korea.

The paper reported that at the U.S.-DPRK talks in New York, the high-level U.S. Government official concerned conveyed a three-step plan consisting of meetings between relevant high-level officials, deputy ministerial-level [chagwangup] consultations, and negotiations on normalizing relations between the United States and North Korea. The paper also reported: If North Korea returns to the nuclear Nonproliferation Treaty, accepts the International Atomic Energy Agency's [IAEA] inspection, and expresses its intention to resume negotiations with the IAEA regarding special inspections, the United States will immediately hold political consultations between Undersecretary of State Peter Tarnoff and a North Korean delegate.

North's Demands Possibly 'Troublesome'

SK1106033893 Seoul YONHAP in English 0305 GMT
11 Jun 93

[Text] New York, June 10 (YONHAP)—Robert Gallucci, chief U.S. delegate to the U.S.-North Korea high-level meeting, returned to Washington on Thursday [10 June] after the third round of talks amid speculation he was going to hold important consultations with government leaders in the capital.

Gallucci, assistant secretary of state for political and military affairs, took a 9 P.M. plane to Washington after the third round of talks ended at around 7 P.M.

Diplomatic sources at the United Nations said Gallucci had gone to Washington to report on a North Korean proposal to the State Department.

He needed policy coordination before returning to New York to attend the fourth round, scheduled to be held at 4 P.M. Friday, the sources said.

Because of his hectic schedule, Gallucci had to cancel a meeting with South Korean ambassador to the United Nations Yu Chong-ha to brief him the results of Thursday's talks, they said.

Japanese and Chinese diplomats who visited the U.S. mission to the United Nations to receive similar briefings on the talks were also unable to meet Gallucci, they said.

Kang Sok-chu, North Korea's chief delegate, could have demanded that the United States make efforts to improve its relations with Pyongyang or offer it some "other present" such as U.S. economic aid in exchange for staying in the nuclear Non-Proliferation Treaty [NPT], the sources said.

One source speculated that the reason Gallucci avoided making public comment on the third round of talks was that North Korea's demand was "very delicate and troublesome."

"It (the demand) could be one that the United States could not even disclose to its allies like South Korea or Japan," said the source, requesting anonymity.

In any case, most diplomatic observers believed North Korea would make a last minute announcement to return to the NPT or at least put on hold its decision to withdraw, he said.

North Reportedly Not To Leave NPT

SK1106082693 Seoul YONHAP in English 0819 GMT 11 Jun 93

[Text] Seoul, June 11 (YONHAP)—North Korea and the United States have reached an agreement on Pyongyang's staying in the nuclear Nonproliferation Treaty (NPT) in return for "rewards" from Washington and are expected to issue a joint statement after talks in New York on Friday [11 June], a well-informed diplomatic source said Friday.

"It's significant that the two sides decided to meet again," the source said. "It's also significant that the Friday talks begin late in the afternoon."

It was "not far from the mark" to assume that Friday's talks in New York were for a final polish and a statement on the agreement may be issued, he said.

The source declined to comment on what the rewards would be, but suggested that they were likely to be "political promises."

Delegates from Pyongyang and Washington met for the third time Thursday at the U.S. mission to the United Nations. They ended their meeting two and half hours later than scheduled and told reporters that it was "inconclusive."

Robert Gallucci, assistant secretary of state and U.S. chief delegate to the talks, flew to Washington immediately after the meeting, raising speculation an agreement was close at hand.

North Studies Ways To Make Nuclear Program 'Transparent'

SK1106012593 Seoul YONHAP in English 0106 GMT 11 Jun 93

[Text] Vienna, June 10 (YONHAP)—North Korea, in preparation for its withdrawal from the nuclear Non-Proliferation Treaty [NPT], is studying ways to prove to the world it is not developing nuclear weapons, North Korean Ambassador to Austria Kim Kwang-sop said Thursday [10 June].

Kim disclosed the North Korean effort at a press conference he gave for South Korean reporters at the headquarters of the International Atomic Energy Agency (IAEA).

Kim pointed out that the international community recognizes "the nuclear transparency" of some of the countries outside the NPT regime, such as Argentina and Brazil.

He said he could not disclose details of North Korea's efforts to make its nuclear programs "transparent," but the study by experts had reached a "considerable stage."

Nevertheless, North Korea would make no concession if its independence and dignity as a nation were invaded by other countries, Kim said.

If the United Nations adopted an unjustifiable resolution and imposed sanctions, North Korea would take appropriate measures, Kim declared.

Any sanctions, including against North Korea's economy, would be regarded as an invasion of North Korea's independence. Any sanctions would, therefore, have a direct effect on the situation on the Korean peninsula and relations between South and North Korea, Kim warned.

Although the North Korean nuclear issue had been taken up by the United States and other countries, it was basically a problem between South and North Korea, Kim said.

If top leaders of the two countries were ready to exercise political will, a decisive resolution to the problem could be worked out, Kim said.

With regard to North Korea's deteriorating relations with Russia, Kim acknowledged the adverse effect on North Korea's efforts to develop in the nuclear energy field.

"But now North Korea has enough personnel and technological grounds for independent development of its nuclear industry," he said.

North Official Cancels News Conference on Nuclear Issue

*SK1006235193 Seoul YONHAP in English 2314 GMT
10 Jun 93*

[Text] Bangkok, June 11 (YONHAP)—North Korean Ambassador to Thailand Yi To-sop cancelled his plan to hold a press conference at the U.N. Economic and Social Cooperation for Asia and Pacific (ESCAP) at 11 a.m. Friday (local time) to explain North Korea's position on the nuclear issue, ESCAP said Thursday. The ESCAP, which announced Yi's press conference plan at the North Korean Embassy's request Wednesday, simply said the plan was cancelled by the North Korean Embassy. It did not elaborate on the background of cancellation.

PRC Official Denies North To Expel Foreigners

*SK1106014593 Seoul CHOSON ILBO in Korean
11 Jun 93 p 6*

[AFP, YONHAP from Beijing]

[Text] PRC Foreign Ministry spokesman Wu Jianmin said on 10 June that North Korea had not requested of China that it withdraw its people from North Korea before 15 June.

Japan's Kyodo News Service reported that North Korea had asked all foreigners to leave there from 12 June, the date when its decision to withdraw from the nuclear Nonproliferation Treaty becomes effective, to 15 June. However, in his weekly briefing on 10 June, spokesman Wu denied this report and said that "North Korea has not informed us about this."

Foreign Ministry Officials Confer on NPT Issue

*SK1106020193 Seoul YONHAP in English 0042 GMT
11 Jun 93*

[Text] Paris, June 11 (YONHAP)—Foreign Minister Han Sung-chu, now touring Europe, was briefed Thursday [10 June] on the third round of the Pyongyang-Washington high-level talks in Paris by Chang Chae-yong, director-general of the Foreign Ministry's American Affairs Bureau.

Chang was on his way to Washington to discuss the North Korean nuclear program with U.S. officials.

He explained the progress of the meeting, which took place two days before North Korea's decision to withdraw from the nuclear Non-Proliferation Treaty (NPT) becomes effective, and they discussed what the Seoul government's next step should be.

Chang told reporters after the briefing session that South Korea won't agree to the idea of North Korea accepting special inspections by the International Atomic Energy Agency (IAEA) outside the framework of the NPT.

"It is the government's firm basic position that Pyongyang must return to the global nuclear safeguards treaty," Chang said.

Government, DLP To Attempt Inter-Korean Projects

*SK1106021793 Seoul YONHAP in English 0055 GMT
11 Jun 93*

[Text] Seoul, June 11 (YONHAP)—The government and its party have decided to attempt model economic cooperation projects with North Korea even before institutional measures are taken if the North Korean nuclear issue is resolved.

The decision was made at a meeting Thursday [10 June] at the headquarters of the Democratic Liberal Party [DLP] attended by DLP Policy Committee Chairman Kim Chong-ho, National Assembly Foreign Affairs and Unification Committee Chairman Chong Chae-mun and Unification Minister Han Wan-sang.

If the DLP and government see signs that North Korea's nuclear problem is about to be solved, they will resume model projects between Seoul and Pyongyang such as the Nampo industrial complex, free trade zone in Najin and Sunbong, and joint development of Mt. Kumgang. The projects were stopped when a North Korean spy ring was uncovered here in October last year.

It was agreed to activate exchanges and cooperation after institutional measures were taken by the South-North joint economic committee.

The government and DLP will attempt economic cooperation by stages to form a South-North economic community, and in doing so will have nine goals that include direct trade, connecting traffic and communications networks, consolidating related laws, and expanding economic cooperation in the international arena.

U.S. Said To Designate James Laney as Ambassador

*SK1106010893 Seoul CHOSON ILBO in Korean
11 Jun 93 p 2*

[Text] James T. Laney, U.S. ambassador-designate to the ROK, is a man well versed in ROK affairs who earlier worked as a missionary in the ROK. He came to the ROK in the 1950's as a missionary and taught Christian moral philosophy at Yonsei University in Seoul until the early 1960's. He also participated in the Christian Students Movement in our country.

He later returned to his alma mater, Emory University, and served there as a dean. He has served as president of the university for 10 years. He was known as a figure who was interested in human rights and the democracy movement in the ROK. He is acquainted with President Kim Yong-sam. In the late 1970's he invited Kim Yong-sam, president of an opposition party at that time, to visit his university for a speech. He is also acquainted

with Han Wan-sang, deputy prime minister and minister of the Unification Board, who is a graduate of Emory University. He invited Prime Minister Han to his university as an exchange professor when Han was released from prison in the early part of the Fifth Republic period.

Laney Undecided on Accepting Post

SK1106021493 Seoul YONHAP in English 0100 GMT 11 Jun 93

[Text] Washington, June 10 (YONHAP)—Emory University President James T. Laney has yet to accept an offer to become U.S. ambassador to South Korea, and his decision will be known only after he returns from a vacation in Europe next weekend, his spokesman said Thursday [10 June].

"While Secretary of State Warren Christopher did call him in Prague last weekend to indicate the administration's interest in President Laney, their conversation ended inconclusively," a statement released by the university said.

"President Laney has not accepted the appointment and has said that he will not be able to consider it fully until he returns to this country," the statement said.

White House officials, commenting on a WASHINGTON TIMES report about Laney's candidacy, said they had nothing to announce about ambassadorial appointments at this point and called the report immature and speculative.

State Department officials have refused to comment, saying the matter should be handled by the White House.

Laney, 65, lived in Korea from 1959 to 1964 as a professor of divinity at Yonsei University and was secretary of the Student Christian Movement.

He shares his home state of Arkansas with President Bill Clinton and earned both bachelor's and doctorate degrees at Yale. After being ordained a minister in the Methodist Church and serving as a pastor in Ohio, Laney taught at Yale, Vanderbilt and Harvard Universities before landing as president of Emory in 1977.

Aides say Laney will have a difficult time making a decision since he is in the middle of ambitious projects with Emory. He is said to be devoting attention to a 500 million-U.S.-dollar fundraising campaign for the university.

He and his wife, Berta Radford, have four children.

Tokyo Official: 'Hard Months Ahead' With U.S. on Trade

SK1106085793 Seoul YONHAP in English 0847 GMT 11 Jun 93

[Text] Seoul, June 11 (YONHAP)—Japan foresaw hard months ahead in ironing out trade relations and military

burdensharing with the United States, its ranking Foreign Ministry official was quoted as saying here Friday [11 June].

Kunihiko Saito, a vice foreign minister-designate, predicted that among political, security, and economic issues with Washington, trade is the most serious issue with U.S. President Bill Clinton starting to make specific demands, Seoul officials said.

Saito made the remarks at the 10th South Korea-Japan policy consultation talks here.

On relations with China, Saito stressed it is more important now to support its reform drive and economic stability than attach conditions such as human rights improvement, officials said.

The Japanese officials urged for transparent cooperative relations with Japan, they said.

Article Views Changes in Seoul-Beijing Relations

SK1106045593 Seoul HANGUK ILBO in Korean 8 Jun 93 p 4

[Article by reporter Chong Kwang-chol: "The Significance of the ROK Visit by Tian Jiyun, first vice chairman of the Standing Committee of the Chinese National People's Congress"]

[Text] Tian Jiyun, first vice chairman of the Standing Committee of the Chinese National People's Congress, is now in the ROK. His visit will be an occasion for seeking practical changes in ROK-PRC relations. This is because his visit is expected to serve as an important opportunity for significantly enhancing relations between the two countries, to go beyond the level of a mere exchange of parliamentary leaders.

Vice Chairman Tian ranks eighth in the party hierarchy and is the first highest-level Chinese official to visit the ROK. Furthermore, as an economist, he has participated positively in Chinese economic reform, and the PRC's regard for the ROK may be deduced from this. By sending a key player in PRC economics to Korea, the PRC has expressed indirectly its intention to emphasize economic exchanges in consolidating relations between the two countries.

In particular, it is very significant that Vice Chairman Tian is visiting the ROK with just a few days remaining before the implementation of North Korea's withdrawal from the nuclear Non-Proliferation Treaty. This is because his visit can be perceived as indirect pressure on North Korea concerning the nuclear issue.

There are widespread rumors that Chinese State President Jiang Zemin may visit the ROK this year, and lawmaker Choe Hyong-u, a key aide to President Kim Yong-sam, is also expected to visit China on 15 June as a "presidential special envoy." Therefore, Vice Chairman Tian's visit to Seoul is very significant for future relations between the two countries.

Although visiting the ROK as a parliamentary leader, many ROK people have highly welcomed him, and the reason can be found in China's unique diplomatic activities. Prior to August of last year, when diplomatic relations were established, the PRC had drawn a clear line in political relations in spite of considerable economic exchanges with the ROK, and even after establishing diplomatic relations, it has maintained a considerable distance regarding the political issue because China is very attentive to North Korea's opinions. Although they may inherently desire to strengthen relations with the ROK, it is not easy for China to frankly express its intentions when it has established blood ties with North Korea. And it is from this perspective that China has placed more emphasis on unofficial rather than official relations with the ROK. China is also expected to continue such a policy in the near future. China's basic diplomatic policy is thought to be that of pursuing "changes in quality" through "changes in quantity" in diplomatic activities.

Thus, we cannot but attach importance to this parliamentary exchange between our two countries initiated by Vice Chairman Tian's visit to the ROK. In this respect, we can say that parliamentary exchanges between the two countries are opening gradually.

At the 7 June morning meeting between National Assembly Speaker Yi Man-sop and Vice Chairman Tian, the Chinese side delivered a letter from Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress, to the ROK side officially inviting Speaker Yi Man-sop to China. As a result, a way has opened to exchange speakers between the two countries. At the meeting, Speaker Yi hinted at the possibility of visiting China sometime soon by saying that "when I go abroad as the speaker of the National Assembly, I will first visit China." At the earliest, Speaker Yi may visit China in early September, before the National Assembly session opens, to discuss state President Jiang Zemin's ROK visit.

At the meeting they discussed the formation of the "PRC-ROK Parliamentary Friendship Association" in detail. Vice Chairman Tian said that the issue will be decided on at the Chinese National People's Congress session slated for 20 June. The "ROK-PRC Parliamentary Friendship Association" was established in the ROK last December. This association consists of a total of 35 lawmakers from both the ruling and opposition parties. Lawmaker Kim Yong-tae is the chairman of the association.

Democratic Liberal Party Chairman Kim Chong-pil also met and held talks with Vice Chairman Tian on the afternoon of that day along with his key party members. At the meeting they fully discussed the strengthening of exchanges and cooperation between the two countries, including the issue of the parliamentary exchange between the Democratic Liberal Party and the Communist Party of China.

After he meets with ROK lawmakers, Vice Chairman Tian is scheduled to visit President Kim Yong-sam on 8 June to hold in-depth discussions concerning issues pending between the two countries. He is scheduled to be in Seoul until 12 June, and during that time, he will visit various plants in the ROK and check the potential for promoting economic exchanges between the two countries.

Of course, we must make note of differences in opinion between the ROK and PRC on their relations and matters of common concern. While the ROK expects the PRC to exercise influence over North Korea to improve North-South relations, such as the nuclear issue, the PRC is more interested in the economic issue rather than political issues which are very sensitive to PRC-North Korean relations. In his meeting with ROK lawmakers on 7 June, Vice Chairman Tian said that "the PRC is in an important transitional period of moving in the direction of the market economy." However, he was very careful when he talked about the North Korean issue.

The ROK and PRC may be said to sympathize with each other regarding the need for mutual cooperation, because they share matters of common concern. It seems, therefore, that the parliamentary exchange between the two countries will accelerate the "changes in quality" in relations since the establishment of diplomatic relations last year.

Accord Signed With PRC on Health Cooperation

*SK1006122693 Seoul YONHAP in English 1129 GMT
10 Jun 93*

[Text] Beijing, June 10 (YONHAP)—South Korea and China concluded a memorandum on bilateral cooperation in public health here in Beijing Thursday. It was signed by Choe Su-pyong, visiting vice minister of health and social affairs, and Gu Yingqi, vice public health minister of China. The memorandum calls for closer cooperation between Korea and China in the area of public health such as expanded exchanges of public health experts and health materials.

Polls Open for National Assembly By-Elections

*SK1106023193 Seoul YONHAP in English 0116 GMT
11 Jun 93*

[Text] Seoul, June 11 (YONHAP)—The polls opened in Myongju-Yangyang, Kangwon Province, and two other constituencies at 7 A.M. Friday at 195 polling stations in three by-elections.

The other constituencies choosing their representative in the National Assembly are Cholwon-Hwachon in Kangwon Province and Yechon in North Kyongsang Province.

As of 9 A.M., election officials estimated turnout at 15.1 percent of the 176,304 voters, or 26,652, almost double

the 8.5 percent at the same point in last year's presidential election in all the districts. In April by-elections in Kwangmyong in Kyonggi Province, the rate was 8.3 percent at this point.

Ballot counting is expected to start at 7 P.M. and the results are due at around midnight, the election officials said.

The hottest race is in Myongju-Yangyang, where Kim Myong-yun of the ruling Democratic Liberal Party [DLP], a long-time close aide to President Kim Yong-sam, is in a tough fight against Choe Uk-chol of the Democratic Party.

In Kim's corner are DLP Secretary-General Hwang Myong-su and other post-holders, campaigning on the popularity of President Kim's reforms, while in Choe's corner party leader Yi Ki-taek is putting a spin on the same theme by saying that a win for the opposition would help the government's reforms.

Observers predict that the DLP will romp home in the other two races, but say Myongju-Yangyang is too close to call.

Kim Yong-sam Laments Soldiers' Accidental Deaths

SK1106024893 Seoul YONHAP in English 0210 GMT 11 Jun 93

[Text] Seoul, June 11 (YONHAP)—President Kim Yong-sam on Friday [11 June] lamented the 19 deaths when an artillery shell exploded Thursday afternoon and expressed his sympathy for the bereaved.

He also ordered Defense Minister Kwon Yong-hae to investigate the accident thoroughly and take steps to prevent a recurrence.

Kwon apologized for the deaths of the soldiers and reservists and for injuries to five others in the explosion of a 155mm howitzer shell and two tracer shells during an artillery firing exercise.

The Defense Ministry, Army Headquarters and Third Army were investigating the incident, Kwon said in a statement issued late Thursday night.

The wounded reservists would be treated at military hospitals until they were healed and the dead buried in the national cemetery and their families paid compensation on a par with that for active-duty soldiers, he said.

Those responsible for the accident would be punished and training for reservists would be examined for ways to improve it, he added.

President Orders Review of Reserves

SK1106111693 Seoul YONHAP in English 1009 GMT 11 Jun 93

[Text] Seoul, June 11 (YONHAP)—President Kim Yong-sam on Friday [11 June] instructed Defense Minister Kwon Yong-hae to look into operational problems of the existing homeland reserve forces for possible overall revamping of the reservist system.

Chongwadae [presidential residence] spokesman Yi Kyong-chae said President Kim gave the instructions while being briefed by the defense minister on Thursday's blast incident at an Army artillery range.

During the briefing, the president again expressed deep condolences to the bereaved families of the blast victims and stressed the need to improve the reserve forces system wholly, the spokesman said.

A Chongwadae official said that because of operational problems, the reserve forces totaling some 4.5 million have for a long time failed to do any actual help to the battle ability of the armed forces while causing much inconveniences to the livelihood of reservists.

"Overall aspects such as the age ceiling of reservists, training hours and the size of the reserve forces will be studied to improve the reserve forces system," the official said.

President Firm on 'Never' Amending Constitution

SK1106080793 Seoul YONHAP in English 0723 GMT 11 Jun 93

[Text] Seoul, June 11 (YONHAP)—President Kim Yong-sam said Friday [11 June] that his administration may have to revise some of the "bad laws" enacted during the authoritarian governments of presidents with military backgrounds, but he would never amend the Constitution under any circumstances.

With regard to other laws, Kim said he thought that substantial revisions were unneeded because many of them were already reformed when the National Assembly was controlled by the opposition before the merger of three political parties in February 1990 to create what is now the ruling Democratic Liberal Party.

Kim expressed his views during a meeting with 12 senior officials of the Korean Bar Association whom he invited to Chongwadae [presidential palace] for lunch on Friday.

The president said his civilian government would govern the country according to the law and help correct "the climate" in which people tend to take the law lightly or evade it.

Kim said his government would not condone students challenging the nation's law and order with violent demonstrations, wielding steel pipes at police and hoisting the North Korean flag, after promising authorities that they would demonstrate peacefully.

He would try to cure the "Korean disease" by wiping out the past legacy of "the military culture," official corruption and other undemocratic elements in society, Kim said.

His administration, since it was launched on Feb. 25, had tried to root out corruption and wrong systems and to revise laws in order to carry out reforms, he said.

Kim then pledged that he would continue to carry out reforms until the Korean disease was completely cured.

Kim Yong-sam Urges Linking Defense, Industrial Technology

*SK1106070293 Seoul YONHAP in English 0553 GMT
11 Jun 93*

[Text] Seoul, June 11 (YONHAP)—President Kim Yong-sam said Friday [11 June] that, because advanced countries were trying to develop technologies that had

been jointly used by the civilian and military sectors since the end of the cold war, Korea needed a strategy to link defense and industrial technology.

"A nation's technological level and international competitiveness depend on the efficient management of research and development resources. We should improve research and development, and reshape the thinking of our researchers," Kim told a meeting on technology development at Chongwadae [presidential offices].

"The world is in a technology war, so we should strengthen cooperation with advanced countries possessing the needed technology as well as double efforts to develop it," he said.

Sixty people from industry and research institutes attended the meeting.

Burma

Agreement To Buy PRC Civilian Vessels Signed

*BK0506100993 Rangoon Radio Burma in Burmese
1330 GMT 4 Jun 93*

[Text] The ceremony to sign an agreement on purchasing vessels between the Transport Ministry's Inland Water Transport Department of the Union of Myanmar [Burma] and the PRC's Yunnan Machinery Import and Export Corporation [YMIEC] was held at 1600 at the Head Office of the Inland Water Transport Department on Pansodan Road in Yangon [Rangoon]. At the ceremony, Lieutenant General Thein Win, minister of transport, delivered an address.

The ceremony was attended by Brigadier General Abel, minister for national planning and economic development; Brig. Gen. Myo Thant, minister of information; U San Wai, deputy minister of transport; Mr. Liang Feng, ambassador of the PRC, and members of the embassy; director generals and managing directors from departments and enterprises; officials and responsible personnel from the YMIEC; the managing director of the Inland Water Transport Department and responsible personnel; local and foreign journalists; and invited guests.

At the ceremony, Transport Minister Lt. Gen. Thein Win first delivered an opening address. PRC Ambassador Liang Feng; U Khin Maung Thein, managing director of the Inland Water Transport Department; and Mr. Wu Wen Kuan, an official from the PRC's YMIEC; also delivered addresses at the ceremony. The ceremony was concluded after the agreement on purchasing the vessels was signed and the instruments of the agreement were exchanged by U Khin Maung Thein, managing director of the Inland Water Transport Department; and Mr. Wu Wen Kuan, an official of the PRC's YMIEC.

According to the agreement, the PRC's YMIEC will provide a U.S.\$30-million interest-free loan with a grace period to the Inland Water Transport Department of the Union of Myanmar. This agreement will also boost and mark a new era in inland water transport with the latest double- and triple-deck vessels and tugboats, including passenger liners and other cargo vessels.

The agreement includes the purchase of 14 vessels: double- and triple-deck passenger vessels and tugboats with engines, and 28 barges without engines. The vessels with engines will be built in the PRC, while the barges without engines will be built at dockyards under the Ministry of Transport.

At 1800, Transport Minister Lt. Gen. Thein Win hosted a dinner in honor of the officials and responsible personnel from the PRC's YMIEC at the People's Park. The dinner was attended by Lt. Gen. Khin Nyunt, secretary-1 of the State Law and Order Restoration Council; Brig. Gen. Abel, minister for national planning and economic

development; Brig. Gen. Myo Thant, minister of information; U San Wai, deputy minister of transport; Mr. Liang Feng, ambassador of the PRC and members of the embassy; director generals and managing directors from departments and enterprises; local and foreign journalists; and invited guests.

PRC Provincial Officials Inaugurate Bridge

*BK3005092593 Rangoon Radio Burma in Burmese
1330 GMT 29 May 93*

[Excerpts] Lieutenant General Maung Thint, member of the State Law and Order Restoration Council [SLORC] and minister for development of the border region and national races, and Brigadier General Lun Maung, minister of the prime minister's office, attended the inauguration of the Wanting-Kyu-hkok Bridge on the morning of 28 May.

Lt. Gen. Maung Thint, Brig. Gen. Lun Maung, and responsible personnel arrived in Kyu-hkok Pansaing by helicopter at 0800 on 28 May. They were welcomed by Lieutenant Colonel Kyaw Aye, chairman of the Lashio District Law and Order Restoration Council; Lt. Col. Aung Min, local commanding officer; U Myint Maung, chairman of the Kyu-hkok Pansaing Township Law and Order Restoration Council; and responsible personnel.

Attending the inauguration of the Wanting-Kyu-hkok Bridge at 0830 for the Burmese side were: Lt. Gen. Maung Thint, minister for development of the border region and national races; Brig. Gen. Lun Maung, minister of the prime minister's office; U Kyi Tun Maung, managing director of the People's Construction Enterprise of the Ministry of Construction; Lt. Col. Myo Myint, acting tactical commander; Lt. Col. Kyaw Aye, chairman of the Lashio District Law and Order Restoration Council; Lt. Col. Aung Min, local commanding officer and responsible personnel; local nationals; members of local cultural troupes; responsible personnel from Kyu-hkok Pansaing; personnel from departments; local residents; and students—a total of about 10,000 people from the Myanmar [Burmese] side.

Attending the inauguration ceremony for the Chinese side were: Mr. (Wan Kwan Shing), deputy administrator of Yunnan Province in the PRC; Mr. (Ho Ti Kyong), deputy administrator of the (Chingtung) provincial people's government; Mr. (Wo Ti Kwan), mayor of Wanting; Mr. (Chen Peing Tong), secretary of the Wanting party committee, and responsible personnel; personnel from departments; residents of Wanting; personnel from organizations; and students—a total of over 10,000 people from the Chinese side. [passage omitted]

The responsible personnel then accompanied the ministers during their tour of Wanting. The Wanting mayor later hosted a luncheon for the ministers and their delegations at the (Heik Se) Hotel. They also exchanged gifts to express the friendship between the two countries. The PRC guests were then accompanied by responsible

personnel for their tour of Kyu-hkok Pansaing. The inauguration ceremony concluded after the PRC guests departed.

Foreign Oil Companies Discuss Sales to Thailand

*BK0406104993 Rangoon Radio Burma in Burmese
1330 GMT 2 Jun 93*

[Text] Measures are being taken for local consumption of offshore natural gas and for its sale to Thailand. Representatives of the Petroleum Authority of Thailand [PAT] led by the firm's chairman, Mr. (Luwin); Total of France; and Unocal of the U.S. arrived on 31 May in Yangon [Rangoon] for talks on sale of natural gas to Thailand.

Representatives of Total and Unocal called on Energy Minister U Khin Maung Thein at 1700 on 31 May, and PAT of Thailand visited at 0800 on 1 June.

The representatives of Total, Unocal, and PAT will hold talks with the Ministry of Energy and the Myanmar Oil and Natural Gas Enterprise from 1 to 3 June.

Energy Minister U Khin Maung met with members of the delegations attending the meeting on 2 June. In the evening the minister hosted a dinner for the guests.

Home Minister Returns From Bangladesh Visit

*BK3105083293 Rangoon Radio Burma in Burmese
1330 GMT 30 May 93*

[Text] Home Minister Lieutenant General Mya Thinn, who paid a goodwill visit to the People's Republic of Bangladesh [PRB] at the invitation of the minister of home affairs of the PRB, returned to Yangon [Rangoon] by air at 1930 this evening.

It has been learned that Home Minister Lt. Gen. Mya Thinn was welcomed at the airport by Lt. Gen. Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC]; Lt. Gen. Tin U, secretary-2 of the SLORC; Lt. Gen. Aye Thaung, minister of labor; Lt. Gen. Myo Nyunt, minister of religious affairs; U Khin Maung Yin, minister of construction; Lieutenant Colonel Than Nyunt, deputy minister of home affairs; Police General San Thein; Mr. Mujibur Rahman, first secretary of the Bangladesh Embassy; and responsible department personnel.

Minister Receives French Economic Group 29 May

*BK3005110193 Rangoon Radio Burma in Burmese
1330 GMT 29 May 93*

[Text] A French delegation led by Mr. (Michael Du Wolf), vice chairman of the External Relations Department of France's Social and Economic Council, accompanied by French ambassador Mr. Alain Briottet and mission members, called on Brigadier General Abel, minister of national planning and economic development, at the Foreign Investment Commission office this morning. At the meeting frank and cordial talks were

held on matters concerning bilateral relations and economic cooperation. Minister Brig. Gen. Abel later hosted a luncheon at the Karaweik Hotel.

Energy Minister, Group Leave for France 7 Jun

*BK0906105093 Rangoon Radio Burma in Burmese
1300 GMT 7 Jun 93*

[Text] A Myanmar [Burmese] delegation led by U Khin Maung Thein, minister of energy, left for France by air this evening to discuss energy matters there.

The minister and delegation was seen off at Yangon [Rangoon] airport by U Than Shwe, minister of industry-2; U Khin Maung Yin, minister of construction; U Tin Tun, deputy minister of energy; directors general and managing directors of departments under the Ministry of Energy; responsible personnel; and French Ambassador Mr. Alain Briottet.

Delegation Leaves for Labor Meeting in Geneva

*BK0506151893 Rangoon Radio Burma in Burmese
1330 GMT 5 Jun 93*

[Text] Lieutenant General Aye Thaung, member of the State Law and Order Restoration Council and minister of labor, left Myanmar [Burma] at 0745 today by Myanmar Airways to attend the 80th annual meeting of the International Labor Office to be held in Geneva, Switzerland on 2-22 June.

The Minister was accompanied by members of the delegation—U Chit Than, chairman of the Social Welfare Organization; U Khin Maung Yi, assistant director of the Office of Central Stevedoring Committee; and Captain (Tun Ohn), and secretary of the delegation and minister's personal aide.

Minister Lt. Gen. Aye Thaung will deliver a speech at the conference as a leader of the Myanmar delegation, while U Tin Kyaw Hlaing, UN resident representative of Myanmar in Geneva, Switzerland, will act as a shadow leader of the delegation.

Finance Minister Returns From Germany, Singapore

*BK0906103093 Rangoon Radio Burma in Burmese
1330 GMT 8 Jun 93*

[Text] Brigadier General Win Tin, minister of finance and revenue, arrived back in Yangon [Rangoon] this evening by a Myanmar [Burma] Airways flight after studying and discussing banking matters in the Federal Republic of Germany [name as heard] and Singapore.

The minister was welcomed at Yangon airport by Lieutenant General Chit Swe, member of the State Law and Order Restoration Council [SLORC] and minister of forestry affairs; U Than Shwe, minister of industry-2; departmental heads from the Ministry of Finance and Revenue; responsible personnel; and family members.

Delegation members Lieutenant Colonel Kyaw Tun and the minister's personal officer, U Khin Maung Aye, also returned together with the minister.

Trawlers Advised To Avoid Offshore Drill Areas

*BK2905073193 Rangoon Radio Burma in Burmese
0630 GMT 29 May 93*

[Text] According to the contract signed between the Myanmar [Burma] Oil and Gas Enterprise and Total Myanmar Oil Company, drilling at the Yadana No. 2 test well has been completed. On 21 May, the drilling operation will move to Yadana No. 3—situated at latitude 15 degrees 6 minutes 31.2 seconds north and longitude 94 degrees 47 minutes 56.0 seconds east. It has been learned that the Department of Fisheries has issued a warning advising local fishing trawlers to avoid blocks M-5 and M-6 during the drilling period to ensure the success of the offshore oil exploration.

Ministry Reports Paddy Cultivation, Output

*BK1006083193 Rangoon Radio Burma in Burmese
1330 GMT 9 Jun 93*

[Text] The ministry of agriculture has issued a press release today on Myanmar's [Burma] projected cultivation and estimated paddy output for 1992-93.

Paddy has been considered as a national crop and production has been boosted from 1992-93. In the 1992-93 cultivation season, monsoon paddy was cultivated from May to September, while summer paddy was cultivated from October to the end of April 1993. Thus, a total of 12.68 million acres of monsoon and summer paddy were cultivated with a total production of over 700 million baskets [one basket is approximately equal to one bushel].

The normal monsoon crop was harvested from October to December 1992. Most of the summer paddy, which was cultivated on more than 800,000 acres in November, December, and January, was harvested in March, April, and May 1993 and production for all the states and divisions was 335,000 baskets. In central Myanmar and the irrigated regions, where summer paddy cultivation was done in February, March, and April, the production output after harvesting in June and July is estimated at 113,000 baskets.

Because of the summer paddy cultivation, paddy production is expected to continue progressing up to the end of July, while cultivation of monsoon paddy has already begun for the 1993-94 cultivation season. The production of the newly-cultivated monsoon paddy crop will commence in September with production gradually increasing in October, November, and December.

It has been learned that the agriculture ministry is making the necessary arrangements for increasing year round paddy production with the cultivation of both the monsoon and summer paddy in the 1993-94 cultivation season.

Brunei, Malaysia & Singapore

Malaysia

Firm, PRC General Discuss Aircraft Services

*BK3105130693 Kuala Lumpur NEW STRAITS TIMES
in English 28 May 93 p 3*

[Text] Kuala Lumpur, Thurs.—Airod Sdn. Bhd. [Aircraft Repair and Overhaul Depot Private Limited] plans to spend about RM [Malaysian ringgit] 6 million on additional equipment to handle maintenance and refurbishment work for large commercial aircraft within the next five years. Its managing director, Datuk Ariff Awang, said today the company has sufficient trained staff and a hangar which could accommodate two Boeing 747s or eight Hercules C-130 transport aircraft at any one time.

"Preparations are underway to service Boeing 737s by the year's end, and if the market is more favourable, we will undertake maintenance work for even larger ones like the Boeing 747s." The company is also looking into the possibility of servicing smaller charter and commercial aircraft. Ariff was speaking to reporters after briefing China's defence minister, General Chi Haotian, on the operations of Airod.

The bulk of maintenance work by Airod, the former aircraft repair and overhaul depot of the Royal Malaysian Air Force (RMAF) before its privatisation, was for military aircraft. The move to expand more aggressively into commercial aircraft servicing and overhaul is in recognition of Airod's dependence now on maintaining and refurbishing local and foreign military aircraft, which accounts for 80 percent of its work. He also hoped that Airod could rehabilitate and maintain Chinese-made aircraft sold in Southeast Asia like the Y-12 transport aeroplane manufactured by China National Aerotechnology Import-Export Corporation (CATIC).

Berjaya Air Charter operates three Y-12 for domestic charter and scheduled flights. Airod, the only authorised Lockheed Hercules service centre in Southeast Asia, hopes to maintain and refurbish the two Lockheed L-100 transport aeroplanes which is the stretched version of the Hercules C-130 which China operates.

Ariff said Airod's representatives would make a promotional tour when Prime Minister Datuk Sri Dr. Mahathir Mohamed visits China next month. Chi and the Chinese delegation later visited the local military and aerospace equipment manufacturer Syarikat Malaysia Explosive (SME) Technologies Sdn. Bhd. in Sungai Buloh.

Badawi, Indonesia's Suharto Discuss Bosnia

*BK1106075693 Kuala Lumpur Radio Malaysia
Network in English 0600 GMT 11 Jun 93*

[Text] Foreign Minister Datuk Abdullah Ahmad Badawi has called on Indonesian President Suharto in Jakarta to

exchange views on possible solution to the Bosnian problem. After a 30-minute meeting, Datuk Abdullah told newsmen that he conveyed the Malaysian prime minister's concern about the Bosnians' problem. He did not disclose details of the talks and neither did Indonesian officials.

BERNAMA News Agency reports that Datuk Abdullah indicated to President Suharto, who is chairman of the Nonaligned Movement, the possibility of taking stronger actions to resolve the Bosnian conflict. Malaysia is expected to propose (firm) measures to solve the problem in the former Yugoslav province. Datuk Sri Dr. Mahathir said recently that Malaysia would seek the views of several countries before announcing its initiative.

Commentary Urges French Business Activity

BK2805140793 Kuala Lumpur Voice of Malaysia in English 0800 GMT 28 May 93

[Station commentary]

[Text] European countries, including France, should look to Malaysia as a launching pad for greater investment in the Asia-Pacific region. The region is poised to become the center of the world economy by the end of the century. Therefore, there is no time to waste and France could reap tremendous business opportunities by acting quickly. Malaysia can act as effective base as it is at the core of the dynamic ASEAN and East Asian region.

The economic growth of these two regions has surpassed that of the developed countries. Currently, France ranks as Malaysia's fourth largest foreign investor. However, a large part of it is due to the investment in the petroleum sector by French firm Elf Aquitaine to the tune of 4.2 billion ringgit. Therefore, there is scope to widen the investment base. The economies of Malaysia and France compliment each other. Being one of the most industrialized nations, there is much it can offer in developing further resource-based industries in Malaysia. Besides this, Malaysia is well placed with the C.T. Astro and technology intensive industries that are also export-oriented seeking markets not only in ASEAN and East Asia, but also globally. The ASEAN Free Trade Area will provide minimum duty or tariff-free access into the other ASEAN markets for products manufactured in Malaysia. This is something France, along with its European Community counterparts, should seriously consider exploiting.

Visiting France this week, Deputy Prime Minister, Encik [Mr.] Ghafar Baba, said French businessmen could venture into ancillary and supporting industries. This would prove advantageous to the larger industries and set the stage for greater industrialization in Malaysia. At the same time, Malaysia can draw upon the experience of French industrialists in such capital-intensive and high-technology industries such as machine tools and motor

equipment. There is also a potential in agro-based industries and manufacture of precision products, industrial machinery and related engineering industries. But it should be emphasized that Malaysia is no longer in the category of a cheap labor country where labor intensive industries can start with large numbers of workers being paid low wages. The country is now established as a profitable manufacturing base for capital and technology intensive industries that place the premium upon easily trainable and skilled workers. The emphasis, therefore, is on being selective in the promotion of industries which customarily neutralize Malaysia's competitive and comparative advantages.

Whatever the single issue might be, it is important for the European private sector to continue to look outwards. Malaysia is part of the dynamic ASEAN and East Asian region where equally profitable opportunities exist for trade and investment. It makes good economic sense to have one strong foothold in Europe and an equally strong foothold in Malaysia.

Minister To Fight Anti-Tropical Timber Campaign

BK0406085593 Kuala Lumpur BERNAMA in English 0335 GMT 4 Jun 93

[Text] Kuala Lumpur, June 4 (OANA-BERNAMA)—Malaysia will fight back against the intense anti-tropical timber campaign by non-governmental organisations (NGOs) in Germany, Minister of Primary Industries Dr. Lim Keng Yaik said Thursday. Those people who adopted an extreme stand on environmental issues pertaining to tropical forest should be given a clearer picture of Malaysia's forestry practices which strive to achieve a balance between economic development and sustainable forest management, he added.

We are going to tell the truth about forestry practices in this country to make consumers of tropical timber understand the rationale behind forest management, he told reporters after opening the international conference on "Design and Development for a Sustainable Future" here. Dr. Lim said all sectors should make a concerted effort to counter the negative criticism being directed at tropical timber exporting countries, including Malaysia.

He was commenting on the statement made by the director of the ASEAN Timber Technology Centre, Dr. Lew Wing Hing, recently that German furniture sellers were now afraid of displaying and selling products made from tropical wood for fear of mass protests by Germany's NGOs. According to Dr. Lew, the anti-tropical hardwood campaign was strong in Germany and Europe generally, because they wanted the implementation of tropical wood produced from sustainable forest management to enter the market by 1995 instead of the year 2000 as agreed by the International Tropical Timber Organization (ITTO).

Radar System To Be Installed in Malacca Strait

BK1006091493 Kuala Lumpur Voice of Malaysia in English 0600 GMT 10 Jun 93

[Text] A radar sea surveillance system is being implemented by Malaysia for the Straits of Malacca to enhance the safety of navigation. Director of the Maritime Coordination and Enforcement Unit Admiral Datuk Hashim Tuan Mohamed said the first phase of the system would be in operation by 1995. Ten stations will be built stretching from Port Kelang to Tanjung Jai in Johor in the first phase.

Datuk Hashim said this to reporters during a news conference in Kuala Lumpur on the joint Malaysia-Indonesia Maritime Action Operation, Optima. All information from the station will be channeled to Lumut in Perak which will serve as a base.

Datuk Hashim also said no piracy cases were reported in the Malacca Straits since July last year. This reflected the effectiveness of maritime cooperation between Malaysia and Indonesia.

Singapore

Lee Kuan Yew Recommends East Asian Investment

BK1006154693 Singapore THE STRAITS TIMES in English 10 Jun 93 p 10

[By Sumiko Tan in Budapest]

[Text] Singapore businessmen looking at doing business abroad would probably find it most worthwhile to invest in fast-emerging economies of East Asia such as China and Vietnam, Mr. Lee Kuan Yew said yesterday. The senior minister said: "I would not think you can beat the high-growth economies of East Asia for quite a long time anywhere in the world."

East European countries such as Hungary would take some time to climb back to the levels of development they used to enjoy. Even then, they would never achieve growth of 68 per cent because the wages of their workers were much higher, he said, pointing out that a Vietnamese worker cost only about US\$30 (S\$48) a month.

But having said that, he noted that businessmen would spread their eggs where the returns were highest. "That has been the case ever since people started going abroad with their capital—you go where the profit is, the highest rate of return for the risk that you carry. "If you have more than 100 eggs, there is no harm putting five or 10 in different parts of Europe. You diversify and they may pick up."

Mr. Lee made the points at a press conference for the Singapore media at the end of a four-day official visit to Hungary. During his trip, which was organised by the

Trade Development Board, he met ministers and discussed Hungary's shift from central planning to a free-market economy, an important facet of which is to attract foreign investors. On the pros and cons of investing in Western or Eastern Europe, he noted that Singaporeans going to the former would face strong competition in terms of competence and marketing.

But while Eastern Europe would be cheaper and competition less formidable, the purchasing power in these countries was not great and the people there would need time to increase their production. "If I were a small entrepreneur not at the top end of the market, I would choose Budapest or Prague because the competition will not be as discerning and as difficult to please.

"But then they will not have the same opulence to spend freely. It is a balance that each entrepreneur must decide for himself." On his call for Singapore companies to spread their external wings and invest overseas, Mr. Lee noted that it had been only eight months since he raised this issue. "This will take five to 10 years, not five to 10 months. We have got people thinking and looking around, re-examining their positions and their strategies."

Turning to reporters, he asked: "Have you got a million dollars? Will you part with a million dollars just because a minister says you have to go overseas? "It takes quite a lot of effort to make a million dollars and keep it. "By the time you can do that, you don't part with it just because somebody says: You go overseas."

But he noted that there was now greater awareness of the benefits of investing abroad. Many more mid-level managers were also more willing to be posted for short stints overseas.

Asked about the seemingly sudden surge of interest among Singapore businessmen to invest in China, he noted that there were some who went back to their native villages to set up schools or hospitals. "That may be so. But I think they have gone there because the mayor or the governor is going to give them special concessions either in the price of the rent or lease or whatever, and will help them get their business going. "I don't think it is just Confucian loyalty to the whole village or family roots."

On whether business missions abroad led by ministers might be seen as the government endorsing the countries visited, he said that this was not so. He pointed out that he had said that there was tourist potential in Kazakhstan, and a Singapore businessman had followed this up by starting chartered flights there. But the first flight saw hiccups—Kazakhstan was not accustomed to dealing with tourists in those numbers and Singaporeans who went there were "rather disappointed with the cuisine."

PRC Airline Makes 1st Flight From Sichuan

BK0506123093 Singapore Singapore Broadcasting Corporation in English 1100 GMT 5 Jun 93

[Text] China's Southwest Airlines arrived on its maiden flight to Singapore today, marking the first international air link with the Sichuan Province. The Civil Aviation Authority of Singapore says the airline will operate a weekly flight between Sichuan and Singapore.

Cambodia

UN Spokesman: 3 Factions Create National Army

BK1006134893 Hong Kong AFP in English 1316 GMT 10 Jun 93

[Text] Phnom Penh, June 10 (AFP)—Three of Cambodia's warring factions teamed up Thursday to form a unified army called the Cambodian Armed Forces, UN spokesman Eric Falt said.

The Khmer Rouge, left out of the merger, would be invited to join "at the appropriate time," he said.

The formation of a unified armed force formally put an end to the two separate non-communist resistance factions and 50,000-man Phnom Penh Army which fought each other in the 13-year civil war. It was not clear if the 100,000-member government militia was included in the agreement.

The Phnom Penh Government has appealed to the international community for money to pay its soldiers, and the merger made it eligible for such assistance. The Paris peace accords formally ending the civil war forbid any assistance being directed to any one of the factions.

The newly-merged forces do not have a commander in chief, Falt said. "They will issue a recommendation to the constituent assembly, and that will be worked out through the political process," he said.

The agreement was made by Phnom Penh commander in chief General Ke Kim Yan, Khmer People's National Liberation Armed Forces (KPNLAF) General Dien Del and the royalist National Army of Independent Kampuchea (known by the French acronym ANKI) General Toan Chay.

The number of forces remaining with ANKI and the KPNLAF was not known, as most of their forces had demobilized, but they were not thought to number more than a few thousand.

The unified forces "are committed to the service of the Cambodian nation and to the government emerging from the election." The Phnom Penh Government, however, has formally refused to accept the election result and announced Thursday that several provinces in eastern Cambodia were seceding. The loyalty of the armed forces in those provinces, Svay Rieng, Prey Veng and Kompong Cham, was not immediately known.

"We're dealing with the central authorities in Phnom Penh," Falt said. "They seem to be in control of the situation."

Phnom Penh Radio Reports Merger

BK1106134593 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1200 GMT 11 Jun 93

[Joint Statement of the Chiefs of the General Staff of the Cambodian Armed Forces, issued on 10 June"—read by announcer]

[Text] 1. A meeting of the Mixed Military Working Group was held on the afternoon of 10 June 1993 at the UNTAC [UN Transitional Authority in Cambodia] headquarters under the chairmanship of UNTAC forces. The meeting was also attended by the chiefs of the general staff of the Cambodian Armed Forces from the three parties which signed the Paris peace agreement and took part in the recent elections organized by UNTAC.

During this meeting the following agreement was reached:

1. All the armed forces under the chiefs of the general staff are committed to the service of the Cambodian nation and to the government emerging from the UNTAC-run elections. From now on, these armed forces should be recognized as the Cambodian Armed Forces [CAF].

For national reconciliation, the CAF should be under the leadership of a high-ranking commander to be determined through the political process.

These arrangements should be carried out within the near future so as to establish the legal Cambodian armed forces to be under the command of the government after its formation.

These chiefs of the general staff will work toward mustering the army structures that are currently separated so as to form a single army as desired.

2. In the agreement on all these measures, the chiefs of the CAF general staff stressed that these measures were taken in support of the peace process. The chiefs of general staff held that a solution leading to national reconciliation (?must be) a political solution to be taken by the legal authorities, and they expressed the hope that all members of the National Army of Democratic Kampuchea [NADK] will have the opportunity of joining the CAF at the appropriate time.

3. These CAF chiefs of the general staff appealed to the NADK to remain calm and observe the cease-fire, particularly the Cambodian people's will clearly displayed in the just concluded UNTAC-run elections.

4. These chiefs of the general staff called on the international community to please assist and support the CAF.

FUNCINPEC, Son Sann Party Form Alliance

*BK1106091793 Hong Kong AFP in English 0908 GMT
11 Jun 93*

[Text] Phnom Penh, June 11 (AFP)—The winner of the U.N.-supervised elections, the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, announced the formation of a political alliance with the smaller Buddhist Liberal Democratic Party (BLDP) in a joint declaration Friday signed by the two party leaders. FUNCINPEC leader Prince Norodom Ranariddh and the BLDP leader, former prime minister Son Sann, announced the political alliance in the statement. "The two parties undertake to cooperate closely with one another and to unite their voices in the Constituent Assembly," the statement said.

The move gives the two parties a simple majority of 68 seats in the 120-seat assembly. However, it does not give the parties the two-thirds majority necessary to ratify the country's new constitution.

The statement also said the parties would give their full support to Prince Norodom Sihanouk. "The two parties are ready to reserve for Samdech Preah Norodom Sihanouk the role of sole uncontested and incontestable leader of Cambodia, with all of the real powers pertaining to this role, in view of realising national reconciliation and unity," the statement said.

The Cambodian People's Party of the Phnom Penh government was still refusing to recognize the election results, claiming widespread irregularities. The government announced Thursday that three provinces had seceded from the rest of the country.

Phnom Penh Radio Reports 10 Jun SNC Meeting

*BK1006141193 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 1300 GMT
10 Jun 93*

[Text] The Supreme National Council [SNC] of Cambodia held a meeting at Chan Palace at 0900 on 10 June under the chairmanship of His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC] of Cambodia, and His Excellency [H.E.] Yasushi Akashi, head of UNTAC [UN Transitional Authority in Cambodia]. SNC members attending the meeting were H.E. Dit Munti, minister of information and press of the State of Cambodia [SOC]; H.E. Hor Namhong, SOC minister of foreign affairs; H.E. Hun Sen, SOC prime minister; H.E. Ieng Muli, representative of the Buddhist Liberal Democratic Party [BLDP]; H.E. Im Chhunlim, minister of education; Prince Norodom Ranariddh, chairman of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party; H.E. Son Sann, chairman of the BLDP; H.E. Sam Reangsi, representative of FUNCINPEC; H.E. Sin Sen, SOC deputy minister of national security; H.E. Tie

Banh, SOC minister of national defense; and representatives of the co-chairmen of the Paris International Conference.

The meeting heard and exchanged views on a statement on the outcome of the vote counting by UNTAC, a statement on the transfer of public property, and a statement on financial aid during the transitional period.

After the end of the meeting, H.E. Hun Sen, SOC prime minister stressed to the national and international journalists the stand of the Cambodian People's Party [CPP]: that it is not able to accept the results of the elections so long as the many controversies concerning the massive election irregularities are not settled.

H.E. Hun Sen said: However, in the spirit of national reunification and reconciliation and out of consideration for the prince father's person and his wish to start the work on the new constitution, the CPP will not obstruct either the setting up of the constituent assembly or the beginning of the work on the new constitution.

Hun Sen Rejects Poll Results at SNC Meeting

*BK1006134193 Phnom Penh Samleng Pracheachon
Kampuchea Radio Network in Cambodian 0430 GMT
10 Jun 93*

[Address by Hun Sen, vice chairman of the Cambodian People's Party, chairman of the State of Cambodia Council of Ministers, and member of Cambodia's Supreme National Council, at 10 June meeting of the Supreme National Council in Phnom Penh—recorded]

[Text] Respected Samdech [Prince Sihanouk], His Excellency Mr. Yasushi Akashi, Your Highness, excellencies, ladies, and gentlemen:

I have the distressing duty to announce that today the Cambodian People's Party [CPP] maintains its opinion that the result of the elections should be temporarily suspended. So long as the many controversial problems concerning the enormous irregularities in the elections are not settled, the CPP cannot accept this result. However, at the same time, in the spirit of unification and reconciliation and based on our respect for and worship in the person of His Royal Highness Prince Norodom Sihanouk and his wishes to start work on the new constitution, the CPP will not obstruct either the setting up of the Constituent Assembly or the start of work on the new constitution.

I would like to make an explanation as to why these activities are not contradictory. When we signed the Paris peace agreement two years ago, the State of Cambodia [SOC] and the CPP made the decision to follow the line of democratization. In supporting this process we always keep in mind the fact that peace is a goal at least as important as democracy. We have always been of the opinion that democracy can take root and blossom only when public order is ensured. We are not prepared to sacrifice the stability of the country and the security of

the people. It is for the reason and aim of achieving peace, national reconciliation, and democracy that we have followed this line. We are proud of all the decisions that we have made. We have done everything within our capacity to promote peace, national reconciliation, and democracy in Cambodia. We were ready even to accept our loss in a free and fair election. However, we were not ready to accept an election riddled with enormous irregularities, especially when these irregularities seem to be aimed against the CPP.

So far, we have already issued two memoranda concerning the many irregularities in the elections. These two memos listed considerable problems concerning the way the elections were organized. More than 1,000 ballot boxes were opened or broken and many other boxes had their seal numbers changed in the night. And we can understand why there is a marked disparity between the number of the counted ballots and the number of the cast ballots. There were reports on the losses of ballot papers and so on. Some of these problems were recorded in UNTAC documents and we have even received answers as evidence from UNTAC electoral personnel concerning irregularities and infractions at polling stations.

In addition to making our observation on the total deficiency in securing safety for the ballot boxes, we have recorded the case that UNTAC changed a number of key provisions of the electoral law without consulting the Supreme National Council of Cambodia [SNC]. The law, which permits party agents to put padlocks on the ballot boxes, surely made an important contribution to the safeguarding of the ballot boxes. However, UNTAC has changed that law of its own will, thus weakening the electoral process. Subsequent agreements on the rights of party agents in escorting UNTAC truck convoys transporting the ballot boxes and the right to inspect the safe havens were also violated by UNTAC. Another law, key to the safety of the ballot boxes, was also blocked by UNTAC personnel. Almost everyday during the elections the CPP lodged complaints against election irregularities. It is not true that we did not exercise our rights. We sent protest letters relating to many unacceptable cases. Later on, UNTAC officials told journalists that the CPP only protested when the vote counting showed that we were trailing in the count. This is not true.

It is regrettable that only a small number of problems in this election were straightened out in time. For example, the UNTAC headquarters waited until nearly the last day of the elections before answering our complaints about CPP agents being prevented from executing their right to inspect the safe havens.

It is also noteworthy that UNTAC besides other things went around telling people that the CPP has already supported and recognized that this election was free and fair. This is not true at all. During the 29 May SNC meeting the CPP and SOC announced their satisfaction that the electoral process was free from threats and the use of force as all of that had enabled most of the people to cast their votes with confidence. However the SOC

and the CPP had reservation for many technical aspects of the elections and their implementation. The CPP successively and consistently submitted a series of observations and complaints to UNTAC officials.

Nevertheless, the CPP waited for the result of the elections with the hope that the vote counting would be carried out correctly and in a way that might enable all parties concerned to wholeheartedly accept the result.

Please note an additional point concerning the role of UNTAC. Chapter 8 of the electoral law stipulates the formation of the electoral advisory committee of the Special Representative. This law foresees the eventuality in which this committee would have to make decisions on irregularities and fraud in the elections and conduct inquiry into all the accusations and misbehavior on public stages and make recommendation for action against the offenders. We must note a number of realities as follows:

1. Contrary to the stipulation of the law, this committee was not set up.
2. When there were complaints against the CPP, the Special Representative acted without the advice of this committee. This is also against the law.
3. After the CPP lodged complaints on a daily basis during the elections, this committee was still not established.

It is in consideration for all these aforementioned cases that the CPP has appealed for the formation of a special board that is impartial and free of all preconceived judgment to inquire into these problems. If UNTAC cannot implement its own law correctly concerning this and other problems, only the creation of an impartial board can determine the characteristic of the irregularities in the elections, especially the very activities of UNTAC itself.

Because of the aforementioned problems, the CPP cannot recognize the election results that UNTAC has announced. We have to take this position almost against our will and with great regret because we strongly hoped that there would be a successful election.

Nevertheless, because of our firm resolution to turn Cambodia into a democratic society and in consideration of the wishes of HRH Prince Norodom Sihanouk, we will not obstruct the formation of the Constituent Assembly and although we do not accept the outcome of the elections we will advise our Constituent Assembly members to work along with the members of the other parties in order to start work on the new constitution. Wherever possible, we will join with the members of other parties in the assembly. We are not going to oppose the progress in the drafting of the new constitution. Having Cambodia on the road of democracy and economic reconstruction is of such great significance that we cannot delay. Every [word indistinct] must understand that the question concerning the irregularities in the elections must be settled before a new constitution can be adopted, before the Constituent Assembly can

become a permanent legislative institution, and before a new government can be formed. As HRH Prince Norodom Sihanouk said on 8 June, the CPP has the right to protest the result of the elections and will continue to lodge our objection because it will be of no use to form a new government and a permanent legislative organ so long as there is no confirmation about who really wins and who gets how many seats. At this stage and in light of the enormity of these irregularities, there is a strong suspicion concerning this matter. For this reason, so long as there is no thorough inquiry on the elections, no new government can be formed.

Now there is a proposal for the creation of an inquiry board to look into this matter. Moreover, the CPP is reconsidering other avenues to settle our complaints. So long as the many important issues concerning the elections are not settled, the present government will carry on its work. It is necessary to keep the present government to maintain stability and, lastly, to ensure a smooth handover to a new government. Nonetheless, the ratification of the constitution and the formation of a new government will depend on the satisfactory settlement of all charges concerning the enormous irregularities in the elections.

Respected Prince, Excellencies, ladies and gentlemen, After my written statement, allow me to raise and clarify a number of issues. I regret that I have to raise these issues before I leave this great planet for my burial in a two square meter plot. I want to say what has to be said. It is something that is unacceptable. This is not our personal business but that of the Cambodian people.

I would like to stress that I have no conflict with any parties; what I have to say concerns us and justice. I am ready to endorse parties that have received regular votes. I would like to specify that I have no conflict with any parties, whether these parties have received any votes or not. I am talking about justice here. Talking about the election is talking about free-ness and fairness. There is freedom but there has been no fairness. And we demand that this issue be examined. I do know that you [words indistinct] no matter what opposition you encounter, but what I want is for you to maintain dignity and maintain a clear view of what is going on.

Where was the starting point of all these thorny problems? The SNC adopted the electoral law in August 1992. On 25 March 1993 His Excellency Akashi amended Article 12, Chapter 3 of the electoral law. In lifting this law, His Excellency [H.E.] Akashi did not consult with the SNC, as already agreed upon and as stipulated in the accord. His Excellency Austin explained to me on 20-21 May that there was a consultation with SNC. But after I looked at all my notes, since I am an SNC member, I had no idea of this item. I could not put my finger on the memorandum saying when you consulted with the SNC on taking out that electoral provision. To respond to our concern, as well as that of other parties, we successively protested to Austin. Afterward, I and Chea Sim sent a message to H.E. Akashi. I would

like to inform you that we did not protest only when the ballots were being counted. Our protest started in April and it was made regularly after that. Chapter 3—when the SNC adopted the electoral law—permitted all political parties to apply identification seals and marks to guarantee that no cast ballots are changed or new ones added to the boxes. After this point was pulled out, we proposed a counter-measure by demanding that party agents be allowed to guard the ballot boxes. As the time ran out, I asked the core countries and the International Parliamentary Union to intervene with Mr. Akashi so that he would allow party agents to guard the ballot boxes in the night. Our request was not received. I called on Your Excellency [Akashi] on 20 May that I would not take part in the elections and I announced at 1100 on 22 May that I would not join the elections if my demands were not answered. On 21 May, Your Excellency together with Their Excellencies Sadry, Sanderson, and Austin summoned myself, His Excellency Chea Sim, and other of our colleagues for talks, in which you gave us assurances. I understand that Your Excellency still remember that we agreed with one another on a number of issues.

First, we agreed that party agents may first inspect the safe havens where the ballot boxes would be stored.

After the ballot boxes were stored no one would be allowed to enter the safe havens. All party agents would have to get out and observe them from the outside. Before the transportation of the ballot boxes, the party agents would be allowed to inspect the safe havens again and then we would be allowed to accompany the convoys. If it were a road convoy, we would be allowed to follow it from behind; if it were a boat convoy, we would be allowed to accompany it from behind; but, if it were a plane, we would be allowed to be present at the departure and destination points. We even agreed that if the party agents were not present at the landing area, no one would be allowed to unload the ballot boxes from the plane.

I would like to ask why UNTAC instructions did not reach the lower echelons? This was decided at 2000 in the evening of 21 May. Why on 23 May had local UNTAC units not received any instructions, including those in the middle of Phnom Penh?

The second problem is: We were shown the seals by Your Excellency. Why then did the problem arise? It was claimed that the seals were broken because of the difficult transportation conditions. But why were these seals also found to be broken in Phnom Penh, where the roads are known to be good? In our first memorandum to Your Excellency the problem involved only 669 ballot boxes in 13 provinces. Overall, however, more than 1,000 ballot boxes throughout the country were found with their seals broken.

Third, it was Your Excellency who found the formula that I like: the counting of the ballots from beginning to end. However, Your Excellency [words indistinct] in so doing?

Now we demand that this committee be set up to conduct an investigation. It has become a historic note in the election in Cambodia. Many journalists have written that the election in 1955 and subsequent elections were not democratic. However, as for our people, we consider them as democratic. Now we have to be very clear about this point; at least this is a note for future generations of Cambodians so that they know about the elections in Cambodia.

Now I would like to raise a number of issues for your information so that Your Excellencies can prepare your ideas. Why was it necessary to amend Article 12 in Chapter 3 without consulting the SNC? Why was there no response to the demand for ballot boxes to be collectively guarded and for some signs to be put on ballot boxes? Why was the promise... [changes thought] ...the agreement on the inspection of the safe havens was not honored? Were there any shortcomings in the issuance of orders, or was there in fact no intention to issue any orders on this? Why were seals on ballot boxes broken? Why was there an excess of ballots and no ballots in some boxes? In Phnom Penh alone, there were nearly 4,000 ballots more than the number of voters. Where did these ballots come from? Many reports in Kandal Province, signed by UNTAC, show that a few boxes had excess ballots in them. During the first count, the number of ballots was correct—600. However, in the end, there were only six. Why? Why were some ballots outside the boxes? We now have seven ballots which were outside the boxes; one in Prey Veng, one in Phnom Penh, and five from Prey Totoeng. In Kompong Speu Province, there were two ballots; UNTAC took them back, but UNTAC had signed a report with the people who handed over the ballots. Why was there an UNTAC stamp after we already had received one handed to us by the people? Why were ballots from irregular boxes mixed with those from regular boxes? I do not know of any countries that consider irregular ballot boxes as valid. The irregularity of ballot boxes invalidates the result. If you had put aside the irregular ballot boxes for further discussion, and counted only ballots from regular boxes, maybe the problem would not have become this big.

All these are questions for your consideration. You should get together and ask your UNTAC Cambodian staff. How many persons voted many times and cast more than one ballot? Now you have recognized that there were some shortcomings. However, there is still a difference in the conclusions because you have drawn a political conclusion; but we want you to draw a legal conclusion. The point is that there were shortcomings which affect the election result. This is a political conclusion.

Therefore, we ask that you draw a conclusion on the legal aspect. If that was the situation, what was the possibility of fraud? Why were there excess ballots? When there are irregularities, even a single ballot has to be accounted for.

Respected Prince, Excellencies, ladies and gentlemen, I very much regret that I have to talk about this. It does not matter if we now have 50 seats. After examination, if it is found that, due to fraud, the CPP will have another 10 seats taken away, I would still be happy. Even if the CPP has no seats at all, it is alright as long as it is proper because I cannot sit comfortably in an irregular seat.

But let me stress this: Although we still have not recognized the result, we will not hinder the process of the constituent assembly. Out of respect for the prince's desire and the desire for peace, we will attend the assembly meeting. However, if you do not investigate the result, do not expect us to take part in adopting the constitution. And if we do not adopt the constitution, everything else will remain the same. What we want is justice. On this issue, I stress that this committee should be set up. Persons involved in the current election in Cambodia should not be selected; different people, neutral ones, should be appointed.

I suggest that this committee seeks justice and does not mix shortcomings with the political statement on the election result. I hope that the Cambodian people will assist you in finding justice, if you need them.

National Assembly Breakdown; Many CPP Winners Resign

BK1006151293 Hong Kong AFP in English 1436 GMT 10 Jun 93

[Text] Phnom Penh, June 10 (AFP)—The royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party emerged victorious with a 7.25 percentage point margin in Cambodia's UN-supervised elections. United Nations results released Thursday showed. The UN Transitional Authority in Cambodia (UNTAC) certified the results as valid and the election as "free and fair."

The final results revealed that out of the 120 seats in the new constituent assembly, FUNCINPEC gained 58 with the Cambodian People's Party (CPP) taking 51, UN spokesman Eric Falt said. The Buddhist Liberal Democratic Party (BLDP) of former Prime Minister Son Sann received 10 seats. No party, however, received the two-thirds majority, or 80 seats, necessary to ratify the new constitution for the country.

Out of the remaining 17 parties who contested the elections only the small FUNCINPEC breakaway MOLINAKA or Naktaorsou Khmer for Freedom Party [Khmer Resistance for Freedom Party] got one seat, Falt said. The seat was won by the Molinaka President Prum Neakareach in Kompong Cham Province, but he was struck off the candidate list for violating the UN electoral code of conduct and would have to send a replacement.

Further confusion as to who would take what seats was created when the CPP announced that many of their elected candidates were resigning, Falt said.

Overall there were 4,267,192 votes cast in the polls, he said. FUNCINPEC received 45.47 percent of the vote nationwide, compared to 38.22 for the CPP and 3.81 for BLDP.

In the capital, FUNCINPEC took seven seats, the CPP four, and the BLDP one.

In Kompong Cham, the country's most populous province and home to Prime Minister Hun Sen, the CPP received a stinging rebuke getting only six of the 18 seats. FUNCINPEC got 10 and the BLDP and Molinaka won one seat each.

In Cambodia's second largest city of Battambang, FUNCINPEC took four seats, the CPP three, and the BLDP one.

In the militarily volatile central province of Kompong Thom, CPP came out ahead with three seats against two for FUNCINPEC and one for the BLDP.

In the equally troublesome Siem Reap Province, FUNCINPEC emerged with a surprise victory taking three seats against two for the CPP and one for the BLDP.

In northern border province of Preah Vihear, where the Khmer Rouge are also active, the CPP took the sparsely populated province's only seat.

But in Banteay Meanchey, FUNCINPEC got a surprise boost when the Khmer Rouge trucked in voters to the polling sites giving the royalists three seats against CPP's two and the BLDP's one.

CPP took the only seat in all three remote provinces of Ratanakiri, Mondulakiri and Stung Treng. The other eastern remote Province of Kratie gave a surprise with two seats for FUNCINPEC and one for the CPP. The only seat in Koh Kong also went to the CPP.

In Kompong Chhnang and Kampot provinces, the six seats each were divided evenly between FUNCINPEC and the CPP. Pursat also saw its four seats evenly shared between the two main contenders.

In the port town of Sihanoukville named after FUNCINPEC founder Prince Norodom Sihanouk, FUNCINPEC took the only seat.

Svay Rieng and Prey Veng, provinces bordering Vietnam, gave CPP three seats and six seats respectively.

FUNCINPEC followed with two seats in Svay Rieng and four in Prey Veng, where the BLDP also took one.

In the provinces surrounding Phnom Penh, FUNCINPEC took seven seats in Kandal, the CPP three and the BLDP one.

CPP, however, was the victor in Kompong Speu with three seats. Two went to the royalists and one to Son Sann's party.

In the relatively quiet province of Takeo, where the Japanese peacekeepers were stationed out of harm's way, CPP lost with three seats to FUNCINPEC's five and the BLDP took one.

30 CPP Legislators Leave

BK1106135093 Hong Kong AFP in English 1338 GMT 11 Jun 93

[Text] PHNOM PENH, June 11 (AFP)—Thirty newly elected Cambodian People's Party (CPP) members of the constituent assembly have resigned, some in protest over the election outcome, U.N. officials said Friday.

The list of elected candidates officially announced late Friday by the U.N. Transitional Authority in Cambodia (UNTAC) did not include Prince Norodom Chakrapong or National Security Minister Sin Song, who were said to be leading a secessionist movement in eastern Cambodia. Both men won their seats in last month's U.N.-organized elections, but U.N. officials confirmed the two men resigned in protest after the opposition FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party was declared the winner. The Phnom Penh government has refused to recognize the outcome of the election, charging massive irregularities which UNTAC have already dismissed as irrelevant.

It was not immediately known if the other 28 people had resigned of their own volition or were forced out of their positions in order to make way for more important officials who were lower down on the list of candidates.

Others missing from the list were Deputy Interior Minister Sin Sen and old-guard politburo member Say Phuthang. Ung Samy, the governor of Battambang, who is the nephew of hardliner Chea Sim, was also left off the final list.

The governor of Kompong Cham, Hun Nheng—brother of Phnom Penh Prime Minister Hun Sen—who has demanded that UNTAC leave his province and will not recognize the result, was also not on the list. He was not slated to win a seat, but another candidate below him on the list moved up to take one of the six provincial slots.

The assembly members are due to take their seats at the first meeting Monday [14 June].

KR Leader on Poll Results Rejection, Secession

BK1106012093 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 10 Jun 93

["Statement" by Khieu Samphan, chairman of the Party of Democratic Kampuchea; place, date not given—recorded]

[Text] My respects to the venerable monks and compatriots at home and abroad as well as to the compatriots in Phnom Penh.

At the Yuon [derogatory term for Vietnamese] aggressors' behest, puppet Hun Sen, the Yuon lackey, on 10 June rejected the results of the elections organized by UNTAC [UN Transitional Authority in Cambodia] and the secession of six provinces from Cambodia.

With regard to the declaration by Yuon lackey puppet Hun Sen, I would like to make the following statement:

1. Puppet Hun Sen's declaration is in contravention of the results of the UNTAC-organized elections, the United Nations, the 23 October 1991 Paris Accord, the voters, the Cambodian people, the Cambodian nation as a whole, and the entire international community.

2. The declaration constitutes a division of Cambodia.

3. The six provinces that puppet Hun Sen declared have seceded from Cambodia are all bordering Vietnam. Puppet Hun Sen made the declaration at the behest of the Yuon aggressors, their masters. As such, the Yuon aggressors have continued to gradually implement their Indochinese federation strategy.

4. The fact that the Yuon dare act in this manner is because the old Yuon aggressor forces continue to stay and the new Yuon aggressor forces continue to flow in. There are now nearly 3 million Yuon in Cambodia. Those refusing to implement the 23 October 1991 Paris Accord should clearly see this and shoulder responsibility for it.

5. The Cambodian nation and people, the Cambodian national resistance forces [CNRF], and various political parties have clearly seen the ugly faces of the Yuon and their lackey puppets for a long time. The international community and the United Nations have seen their ugly faces as well.

The Cambodian nation, the Cambodian people, and the CNRF wish to appeal to UNTAC and the United Nations to correctly implement the UNTAC-organized election results because they constitute the final phase of the UN's work in Cambodia. If UNTAC and the United Nations do not correctly implement the election results but allow the Yuon and their lackey puppets to divide Cambodia, then the Cambodian nation, the Cambodian people, and the CNRF can never accept that and will categorically oppose it. The international community cannot accept such a situation either.

6. On behalf of the Party of Democratic Kampuchea, I would like to make the following appeal to our Cambodian people in the countryside and cities, the overseas Cambodians, and especially the compatriots, Cambodian soldiers, policemen, and civil servants of the Yuon puppets in Phnom Penh and in the six provinces that the Yuon and their lackey puppets have declared seceded from Cambodia:

The Yuon and their lackey puppets have already divided our Cambodia. As such, the compatriots should rise up and join hands to defeat the Yuon and their lackey puppets' plan. The compatriots are urged to follow the

national reconciliation plan of the prince father in order to prevent the Yuon aggressors and their lackey puppet leaders from dividing Cambodia at all costs.

Resistance Calls for Anti-Phnom Penh Uprising

BK1106024293 (Clandestine) Voice of the Great National Union Front of Cambodia in English 0100 GMT 11 Jun 93

["Appeal to the Soldiers, Policemen, and Administrative Officials of the Phnom Penh Puppet Regime" dated 10 June]

[Text] Soldiers, policemen, and administrative officials of the Phnom Penh puppet regime: You have now seen clearly once more that the puppets Hun Sen, Chea Sim, Pol Saroeun, Sin Song, Sar Kheng, and Heng Samrin are the traitors who have sold our nation to the Vietnamese.

1. They have officially stated that they do not respect the results of the elections in which FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] is the winner. They have thus opposed the voters and the United Nations. They continue to try their utmost to maintain the absolute and dictatorial power of the Vietnamese Communists. They have imposed that power upon the head of the Cambodian people for the past more than 14 years. That has been purely the strategy of the Vietnamese aggressors.

2. They have stated on 10 June 1993 that they have taken six provinces bordering with Vietnam as their own provinces. That is also purely the strategy of the Vietnamese aggressors.

3. This has shown the true nature of the Vietnamese aggressors and their puppets. The Cambodian nation and people and the Cambodian national resistance have never ceased to point out, to show, and to illustrate that nature. On 10 June, the Vietnamese aggressors and their puppets have been compelled to enter a cage like a wounded dog.

4. On what can they rely? What has become of the situation of the Vietnamese aggressors after 14-15 years, in Cambodia or even in Vietnam itself? After the statement to secede six provinces, will the Cambodian people allow the Vietnamese aggressors and their puppets to sleep, eat, and live as usual? Will the soldiers and policemen whom they have compelled to serve them have their weapons to shoot the Cambodian people or to shoot the Vietnamese and their puppets? Will the puppets be able to survive [words indistinct] at the Vietnamese payroll? When the people chase them with knives, axes, wooden clubs, can they escape?

5. All the soldiers, policemen, and administrative officials of the puppet regime throughout the country: Stand up, stand up! Now it is the last power of the arch puppets who have sold our nation to the Vietnamese. You should immediately turn your weapons and shoot the cheap puppets, such as Hun Sen, Chea Sim, Pol Saroeun, Sin

Song, Sar Kheng, Heng Samrin. With the elimination of those puppets, our nation and people will be able to unite and to achieve national reconciliation. Peace and independence will be restored in accordance with the plan of national reconciliation of samdech euv [prince father]. The new assembly, the new constitution, and the real national government will be formed.

[Dated] Done on the afternoon of 10 June

[Signed] The Cambodian nation and people and the Cambodian national resistance.

Svay Rieng Rejects Poll, Asks UN To Leave

*BK1106060293 Hong Kong AFP in English 0539 GMT
11 Jun 93*

[Text] Phnom Penh, June 11 (AFP)—Cambodia's eastern province of Svay Rieng has followed the example of Kompong Cham province by refusing to recognise the results of the U.N.-run elections and called on all U.N. forces to quit its territory. In a letter released to the press Friday, the authorities in Svay Rieng described the results as "unjust" and called on forces of the declared winners of the election, the royalist opposition FUNCINPEC, as well as the small Buddhist Liberal Democratic Party to leave its territory.

FUNCINPEC won 45.47 percent of votes and the government's Cambodian People's Party (CPP) took 38.22 percent in last month's elections. The letter from Svay Rieng, written in Khmer, was co-signed by the province's political leaders, army and police chief.

On Thursday leaders of the neighbouring province of Kompong Cham in almost identical terms also called for all U.N. personnel to leave the area. Yasushi Akashi, head of the U.N. Transitional Authority in Cambodia said Thursday attempts were being made to set up autonomous zones in the east and northeast of the country, citing six provinces Prey Veng, Kompong Cham, Svay Rieng, Stung Treng, Ratanakiri and Mondulokiri, all close to Vietnam.

In Hanoi, a Vietnamese Foreign Ministry spokesman implicitly rejected the secessionist moves, referring to Vietnam's June 3 statement stressing Vietnam's support for the implementation of the Paris accords and readiness to recognise a new government elected by a constitutional national assembly. The letter from Svay Rieng said:

"Given that the elections organized by UNTAC in Cambodia were unfair, given the situation that UNTAC force the Cambodian people to recognize this unjust election, given that prince Norodom Sihanouk, father of the Nation, head of state, could not form a national government of Cambodia, given that prince Norodom Ranariddh started to revenge...:

—We do not recognize the results of the elections organized by UNTAC and we request UNTAC to set up a neutral committee to investigate the results and reorganize the elections...

—The whole Svay Rieng area will not be given over to anybody except to Prince Norodom Sihanouk and the CPP.

—We request the forming of a national government temporarily led by Prince Sihanouk as prime minister and by Prince Ranariddh and Hun Sen as deputy prime ministers...

—From now on, all UNTAC forces, FUNCINPEC forces and BLDP forces must leave Svay Rieng province..."

Secession Threat 'Most Likely a Bargaining Maneuver'

*BK1106093793 Hong Kong AFP in English 0926 GMT
11 Jun 93*

[By Sheri Prasso]

[Text] Phnom Penh, June 11 (AFP)—The Phnom Penh government's claim that several provinces have seceded from Cambodia is most likely a bargaining maneuver aimed at getting itself more power in a future coalition government, observers say.

The Cambodian People's Party (CPP), just emerging from 14 years of communist rule, thought it would win last month's U.N.-organized election. But the people at the ballot box delivered a stinging rebuke and made the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party the victors without an absolute majority.

The results—45.47 percent for FUNCINPEC and 38.2 percent for the CPP—have forced the two parties to negotiate a coalition in order to pass a constitution and govern the country. But so far the negotiations over power-sharing have failed, and each side has continually upped its demands in the hope of concessions from the other.

The drama has all the elements of a Shakespearean play with the elder prince (Norodom Sihanouk) trying to negotiate a truce between his two feuding step-sons, one of whom (Prince Norodom Chakrapong) supposedly ran off to lead a secessionist movement to oppose a claim to power by his half-brother (Prince Norodom Ranariddh). The love interest clearly being courted by all sides is power.

Thursday's announcement that the eastern provinces of Svay Rieng, Prey Veng and Kompong Cham have refused to recognize the result of the election and have seceded from Phnom Penh control under the direction of Prince Chakrapong was the most hard-line government tactic yet.

"This is a political crisis," senior government advisor Uch Kim-an told AFP on Friday. "What we are afraid of is this situation might lead to a bloodbath."

Prince Ranariddh reacted coolly to news of the secession, and casually suggested that the government's intention was to try to save Prime Minister Hun Sen, with whom the prince has refused to sit in a coalition government.

The move was also met with skepticism by diplomats and U.N. officials.

"I don't think it's a fait accompli," U.N. peacekeeping chief Yasushi Akashi said after the announcement. "I think it's a move to obtain certain objectives."

The question remains over whether the CPP is more divided or more unified than ever in its quest. Whether Prime Minister Hun Sen was sincere when he said the secession was the work of hardliners he could not control, or whether he was merely playing a role assigned to him in the power structure, was unclear.

But by giving the impression of disunity, the government is giving an implicit threat to anyone who would shut its leaders out of power while at the same time not having to be responsible for them.

"I don't believe the story of secession," said Cambodia consultant Raoul Jenner. "There are hardliners who are trying to protect their future. It's just part of the political show."

FUNCINPEC Claims 29 Members Killed Since Poll Results

BK1106120093 Hong Kong AFP in English 1148 GMT 11 Jun 93

[Text] Phnom Penh, June 11 (AFP)—The royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party which won the U.N.-run elections said Friday that 29 activists had been murdered in northwestern Cambodia since the results of the election became known.

"The Phnom Penh government authorities and Cambodian People's Party officials who are refusing to recognize the results of the U.N.-organized elections in May are resorting to murderous acts of violence at an unprecedented level," FUNCINPEC said in a statement.

The party said the names of 29 activists allegedly assassinated by Phnom Penh government soldiers in uniform in the first four days of this week were submitted to U.N. investigators. U.N. spokesman Eric Falt said: "We are trying to investigate these claims."

FUNCINPEC asked the United Nations and human rights groups to "vigorously condemn these acts of terrorism" and to "stop this bloody madness orchestrated by those who refuse to respect the verdict of the people and the rules of democracy."

Akashi Replies to Sihanouk on World Bank Loan

BK1006153193 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1300 GMT 10 Jun 93

[Text] On 9 June, His Excellency Yasushi Akashi, special envoy of the UN secretary general in Cambodia and head of the UNTAC [UN Transitional Authority in Cambodia, sent a letter to His Royal Highness [HRH] Prince Norodom Sihanouk, head of state and chairman of the Supreme National Council [SNC] of Cambodia. The letter noted:

Your Highness: I would like to express deep thanks to you for your message dated 8 June on financial aid for the maintenance of the administrative structures in Cambodia during the transitional period.

I fully agree with your assessment of the situation in the country. The procurement of funds to relieve the hardship of the military, police, and civilian personnel [words indistinct] in various important fields, such as social affairs, health, education, communications, and so forth is a splendid way to avoid social crises and prevent tension inside the country.

As Your Highness knows, I have done many things in this regard. I would like to inform you that I will continue my tireless efforts in the United Nations and with international organizations and governments of various countries to obtain any assistance needed.

Although Your Highness and myself have faced difficulties in our relations with the World Bank, I will keep in touch with this body so as to renew the talks on its loan. I am optimistic about this, and the loan might be granted before October or November.

Your message constitutes a source of encouragement for me [words indistinct] governments of countries concerned as well as with my colleagues in New York.

In conclusion, I would like to inform Your Highness that the questions raised in your message have created [words indistinct] my current efforts. Moreover, I intend to make a report on this important matter to the SNC meeting on 10 June.

Please accept my highest regards.

Khmer Rouge Kidnap Briton, Two Cambodians

BK1106061093 Hong Kong AFP in English 0553 GMT 11 Jun 93

[Text] Phnom Penh, June 11 (AFP)—A Briton and two local Cambodians working with the British mine clearance aid organisation, Halo Trust, were kidnapped by Khmer Rouge guerillas in Cambodia's western province of Pursat, a U.N. spokesman said Friday. The Briton, who has yet to be named, and his team of 25 Cambodians were working on a mine clearance programme Thursday and were on their way back to Halo Trust Pursat town office in the afternoon when they were

detained by a group of 15 armed guerillas, a British embassy official said. Two of them were wearing Khmer Rouge uniforms, U.N. spokesman Eric Falt said.

The demining team negotiated with the guerillas and secured the release of all except the Briton, a driver and an interpreter, he said. Two vehicles, a truck and a Land Rover, were also being held by the Khmer Rouge.

"From what we understand the Khmer Rouge were after the vehicles rather than the staff, but they couldn't drive themselves," the British embassy official said.

A U.N. helicopter search team was sent to the area Friday morning, Falt said. The peacekeepers are still unaware of the detainees whereabouts, he said.

There was no one available for comment at the Halo Trust headquarters here as fellow aid workers said the staff had left Friday for the northwestern city of Battambang. Colin Mitchell, the trust's colourful ex-British army operations manager, has earned the organisation much press coverage in Britain. He has been dubbed by the British press 'Mad Mitch'.

VGNUFC Exposes 'True Nature' of SRV Puppets

BK0806081393 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Jun 93

[Text] Though reports came out after elections organized by UNTAC [UN Transitional Authority in Cambodia], the trick and true nature of the Vietnamese aggressors and their puppets were laid bare very clearly before the Cambodian nation, people, and the international community.

1. Chea Sim and Hun Sen made a hue and cry that they would not accept the outcome of UNTAC elections on 29 May. This is because their party—symbolized by the picture of a Vietnamese woman throwing stinking water—lost in Kompong Cham, Phnom Penh, Battambang, and Kompong Chhnang. The Vietnamese aggressors and their puppets also demanded that Akashi and the United Nations hold another election and do whatever they want. They also threatened that their party would not accept the outcome of UNTAC elections.

People and observers said that this statement was not initiated by Chea Sim and Hun Sen. Chea Sim is just like a harnessed buffalo, which the Vietnamese can lead anywhere while one-eyed Hun Sen is like a parrot showing off its pointed beak. In fact, this clamorous statement is utterly an outcry made by the Vietnamese aggressors in an attempt to maintain all categories of their forces in Cambodia.

2. On 30 and 31 May, after various radios reported that the party symbolizing by the picture of a Vietnamese woman scattering stinking water continued to lose this and that percentage points to the FUNCINPEC [National United Front for an Independent, Neutral,

Peaceful, and Cooperative Cambodia] Party, the Vietnamese aggressors—like a tiger that has lost its piece of meat—quickly incited the harnessed buffalo and one-eyed parrot to make an outcry and act like an angry animal. They demanded a reelection, rejected the outcome of this election, and said that they wanted this and that to be done.

Meanwhile, in localities and areas which are still under Vietnamese control, Vietnamese aggressors and their puppets have kept attacking UNTAC electoral stations, UNTAC personnel—particularly those from the Third World—and attacking and killing people and members of the FUNCINPEC. They bellowed loudly that they would attack FUNCINPEC members and anyone voting for FUNCINPEC.

3. Various radios further reported on 1 and 2 June that the FUNCINPEC Party continued to take the lead over the party, which is symbolized by the picture of a Vietnamese woman scattering stinking water. Unable to tolerate this loss any longer, the Vietnamese puppets made a direct threat to Akashi and the UNTAC.

Everyone knows well that it was not the Vietnamese puppets, but the Vietnamese aggressors themselves—soldiers, policemen, [words indistinct], and Vietnamese nationals totaling nearly 3 million—who staged this show of strength through their puppets to cow anyone who is easily frightened.

4. On 3 June, the Western powers, UNTAC leaders, and the Vietnamese aggressors jointly cooked a large potluck meal of onion, hamburger, (?sushi), and a freshly killed domestic dog. They called it a potluck meal for the provisional government. The dog, with legs, ears, head, and shiny fangs intact, was placed on a big plate on the table. The black-toothed Vietnamese like to make a meal of blood-dripping dog. A theory of the black-toothed Vietnamese says "the right way to eat a dog is to eat it with its fresh blood dripping. Adding ingredients to it is not eating a dog." In Cambodia, the Vietnamese aggressors like to eat dogs more than any other meal. They keep the state powers or structures that they have installed in the past 14 to 15 years to use for their daily meals.

The FUNCINPEC members felt like vomiting upon seeing the dog showing its fangs lying in the middle of the table. They thus turned back and went to the toilet to throw up.

5. On 4 and 5 June, the Vietnamese aggressors and their puppets continued to attack and kill the people and FUNCINPEC members anywhere they could. This has compelled the people and FUNCINPEC members to flee to stay with the members of Democratic Kampuchea living nearby. Many UNTAC personnel from Third World countries also came under attack by the Vietnamese aggressors and their puppets who burned down FUNCINPEC offices and fired at its personnel, who were compelled to flee in disarray because the bullets just missed their heads.

UNTAC leaders and Eric Falt did not utter a word about this.

Question: Is it because they are afraid of the Vietnamese and their puppets or because they are colluding with the puppets? The people ask: If it is so, what will happen to the United Nations? What will happen to the UN implementation of the Paris agreements? What will happen to the UN elections in Cambodia? Will the United Nations and UN Security Council allow the Vietnamese aggressors and their puppets to continue to rule the roost?

6. On 4 and 5 June, FUNCINPEC agreed to come to the banquet table because the dog with its fangs showing was lying sprawled on the table. On 6 June, the banquet was cancelled.

7. On 5 and 6 June, the Vietnamese aggressors and their puppets continued to show their brute force. They said they would be pleased only when the party with the picture of a Vietnamese woman throwing stinking water on the others was announced the winner in the elections results. They said they would be pleased only when they could continue controlling the exclusive and dictatorial structures of the party whose symbol is picture of a Vietnamese woman throwing stinking water. They said we would be pleased only when we Vietnamese and our puppets maintained our control over Cambodia.

8. The opinion of the people and observers is:

A. It is imperative to take a look at the root cause of the Cambodian problem;

B. The old and new Vietnamese forces must be eliminated;

C. It is imperative to realize what they are;

D. It is imperative to take a look at Akashi and UNTAC's policy;

E. It is imperative to take a look at the strength of the Cambodian nation and people;

F. It is imperative to take a look at the peace- and justice- loving countries and people across the world; and

G. It is imperative to take a look at the common situation of the countryside and cities in political, diplomatic, economic, financial, military, and all other aspects so as to grasp the problem in all aspects. It is also imperative to take a look at the situation in the past 14 to 15 years. It is imperative to take a look at the factors of manpower and special circumstances in the past 14 to 15 years and at present. It is also imperative to be clear of what should be done next.

Indonesia

Government To Simplify Investment, Import-Export Rules

BK2905100693 Jakarta THE INDONESIA TIMES in English 22 Apr 93 p 1

[By "our reporter"]

[Text] The government will review regulations on industrial business, including investment licences and import-export procedures issued by 13 government agencies and ministries, Industry Minister T. Ariwibowo said here Wednesday.

"We'll review whether the regulations are still required or not," Ariwibowo told newsmen after meeting President Suharto at the Bina Graha [Presidential Office] on Wednesday.

Ariwibowo recorded his meeting with 59 associations representing 3,500 medium-scale businessmen that many of them complained about various regulations issued by 13 government agencies and ministries on industrial business. [sentence as published]

"The government must really listen to their complaints", Ariwibowo added.

The minister said that business sector is expected to create new job opportunities and to boost non-oil exports.

In responding to the complaints, he added the government has to simplify licencing process to smoothen industrial business such as investment licence and import-export procedures.

The businessmen whose exports reached U.S. \$14 billion last year (or 40 percent of the total export) were complaining about import and export duties as well as labour permit and high capital interest.

"We should listen to their complaints because they play the most important role in our exports," Ariwibowo added.

The minister said that he would also hold similar dialogues with businessmen representing upstream and small-scale industries. Inputs gained from the meeting, said Ariwibowo, would be discussed with other ministers and two coordinating ministers.

The president was quoted as suggesting that the dialogue should be continued to boost investment and export.

With the current regulations, every businessman who plans to invest in industry has to deal with 13 agencies and ministries. Each ministry sets its own regulations.

"We'll study if the regulations can be simplified or if they are still necessary. If not necessary, they should be revoked. This study will be reported to coordinating ministers of economy and finance and of industry and trade," Ariwibowo said.

Replying to a question, Ariwibowo admitted that most businessmen were complaining about high interest rate which made investment more expensive and less competitive.

Such a situation, said Ariwibowo, has affected the progress of industrial business.

Touching on cooperation among the nonaligned members, the minister said that Indonesia has initiated the cooperation by sending 27 experts to operate fertilizer factory in Bangladesh for 2 years. Another 24 experts will be sent later for one-year assignment.

Indonesia has also sent 28 fertilizer experts to Malaysia for three-year assignment. Indonesia won an international tender in China for the construction of floraid aluminium. PT [Company Limited] Pupuk Kaltim has also set up fertilizer deal with Tanzania amounting to U.S. \$5.5 million.

"We help them conduct study on the rehabilitation of fertilizer factory in Tanzania," Ariwibowo added.

Official on Need for Investment To Maintain Growth

BK1006115693 Jakarta ANTARA in English 1827 GMT 8 Jun 93

[Text] Jakarta, Jun 8 (ANTARA)—Indonesia needs a total investment of U.S. \$400 billion during the sixth five-year development plan, starting April next year, to enable it to grow at the average of 6.5 percent per year.

"About 75 percent of the total investment is expected to come from local and foreign businessmen and the rest comes from the government," said the National Development Planning Board (Bappenas) deputy chairman, Rahardi Ramelan, here on Tuesday.

According to the Investment Coordinating Board (BKPM), the investment under the local investment scheme from 1967 to April 1993 reached rp. [rupiah] 223 trillion (U.S. \$112 billion) and the [words indistinct].

In terms of creating jobs, Rahardi said that with an estimated economic growth of 6.3 percent during the next sixth five-year development plan, some 89.4 million jobs will be created, while the Indonesian work force will be numbering 91.6 million at that time.

He said, however, that 91.6 million workers excluded those unlisted in the Ministry of Manpower such as those working in the informal sector and those working under the standard of working hours ruled by the Ministry of Manpower, that is about 40 hours per week. [sentence as published]

Meanwhile, Sudarpo Sastroatmono, a noted businessmen here, has expressed his concern over the small investment made by Germany in Indonesia. He said that the country's investment here since 1967 until now has only reached [figures indistinct] (2.9 percent of the total foreign investment), making it the ninth biggest investor in Indonesia.

He blamed the investment procedures here which he said were not yet favorable compared with those in Vietnam and China.

Economic Regulations Eased To Boost Investment

BK1006143393 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 10 Jun 93

[Text] Saleh Afiff, Coordinating Minister for Economics, Finance, Industry, and Development Supervision, said that economic deregulation measures should be enforced in stages to provide opportunities for business circles and other sectors that are affected by the deregulations to orientate themselves with the system.

Speaking to newsmen following his meeting with President Suharto at Bina Graha Presidential Office in Jakarta this morning, Coordinating Minister Saleh Afiff said that the continuation of the deregulation measures are aimed at easing investment procedures in the country. Accompanying him at the meeting with President Suharto were Minister/State Secretary Mardiono, and Coordinating Minister for Trade and Industry Hartarto.

[Begin Afiff recording] These measures are intended to promote the efficiency of our economy, to further stimulate foreign and domestic investment in the country, and to provide new job opportunities for about 2 million new workers. Finally, the deregulation measures are aimed at enhancing economic efficiency and productivity by primarily removing over-protective tariffs. [end recording].

According to Saleh Afiff the deregulation measures will be implemented in stages to avoid causing socioeconomic upheavals.

Commentary Welcomes Trade, Investment Deregulation

BK1106110793 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 11 Jun 93

[Station commentary]

[Text] The government yesterday announced deregulation measures for the industrial sector in a bid to stimulate the automotive industry and boost exports of non-oil and non-gas products. The government has also decided to lower the import duties on manufacturing materials and will continue to ease restrictive trade arrangements to enhance the competitiveness of industrial export products. Indonesia is also planning to deregulate business licensing and investor authorization.

The deregulation measures are also aimed at spurring the country's inefficient automobile industry, and will stimulate the competitiveness of locally produced automotive components. Apart from that, it is hoped that the measures will enable local automobile companies to produce automobile spare parts and components that could match the international standard so they can qualify for export to overseas markets.

The easing of restrictive trade arrangements is an effort to boost export of non-oil and non-gas commodities and other related products.

Meanwhile, in an effort to boost foreign as well as domestic investment, the government has decided not to issue investment permits for six business sectors which could damage the environment and prove dangerous to society.

According to Saleh Afiff, coordinating minister for economics, finance, and development supervision, the deregulation measures are aimed at gradually freeing Indonesia's economy from the high cost of production. Through economic deregulation, the industrial sector could increase its efficiency and draw new investments, which in turn would provide more job opportunities and simultaneously stimulate economic growth.

This is the second economic deregulation issued by the current sixth development cabinet following the first deregulation measures for the banking sector announced on 29 May. We feel that these deregulation measures are new packages aimed at improving productivity, competitiveness, and the investment climate because so far particular attention has been given only to the monetary sector. However, deregulation measures covering the industrial sector must be introduced now that the recent deregulation measures in the banking sector are being enforced. This is an effort to ensure that banking credits remain within the safe limits as expected by the banking regulations package. A sound banking system, including credit repayment, is determined by the efficiency of the industrial sector. If the industrial sector is not hampered by any shortcomings, there will automatically be smooth repayment of credit to the banks. The industrial sector needs a smoothly operated monetary sector because the two sectors are interrelated.

With the implementation of these measures that mutually support each other, it is hoped that our economy will become more sound.

Auto Production Agreement Signed With ROK

BK1006132093 Jakarta THE JAKARTA POST in English 28 May 93 p 1

[Text] Jakarta (JP)—Kia Motors, South Korea's second largest automaker, has cleared the protective barriers surrounding Indonesia's automotive industry by signing an agreement to set up a car production plant with an annual capacity of 30,000 units.

Although the long-expected announcement of government deregulatory measures on the automotive industry has yet to be made, Kia Motors signed an agreement here last night with PT [Company Limited] Humpuss and PT Indauda to establish PT Indauda Putra Nasional Motors. The joint venture company will have an authorized capital of US\$400 million for the production of compact passenger cars in Cikampek, West Java.

Humpuss, controlled by Hutomo Mandala Putra, and Indauda each hold a 35 percent stake in the firm, with Kia Motors retaining 30 percent.

Hutomo, president of Humpuss, said after signing the agreement with Kia Motors' chairman Kim Sun Hong and Indauda's chairman Fritz H. Eman that the joint venture will soon construct the plant in Cikampek, which is expected to start production in 1995.

The signing was held at the Grand Hyatt Hotel with Coordinating Minister for Industry and Trade Hartarto and Director General of Basic Metal, Machinery and Electronics Industries Suparno Prawiroadirejo acting as witnesses.

"Before the plant starts production, Kia will supply components for the assembly of about 50,000 Sephia and Pride compact passenger cars per annum at Indauda's plant in Surabaya, East Java, beginning next year," Eman told the JAKARTA POST.

Kim told the Post that the joint venture's shareholders will provide an equity of \$100 million and seek \$300 million in a bank loan for its capitalization.

Eman said the joint venture plans to procure about 90 percent of the components for its cars from domestic manufacturers and the remaining 10 percent from Kia Motors.

According to the Indonesian Automotive Industry Association, the sales of automotive vehicles in the country declined steadily from a record high of 274,603 units in 1990 to 263,073 in 1991 and to 171,898 last year. The sales of passenger cars alone dropped to 30,504 units last year from 45,774 in 1991 and 56,510 in 1990.

Japan Urged To Set up Manufacturing Plants on Batam

BK0506070693 Jakarta ANTARA in English 0634 GMT 5 Jun 93

[Text] Batam, June 05 (OANA-ANTARA)—Industry Minister Tungky Ariwibowo has invited Japanese entrepreneurs to include Indonesia into their regional supply network by setting up manufacturing plants on Batam. The invitation was made by the minister in a meeting with some 50 members of the Japanese keidanren (Chamber of Commerce and Industry) here on Friday.

He said that Japanese companies in Indonesia were producers of motor vehicles, electronic and other industrial goods but not many of its industrial supporters have shifted to Indonesia.

The Indonesian Government is preparing a variety of facilities in order to have upstream industries relocated here for the production of component goods.

He said that the Indonesian Government had devised regulations, including those to provide facilities for the

export-import procedures with the aim to stimulate the relocation of certain supporting industries to the country.

He told the meeting that in the near future the government would announce a deregulatory package after reviewing the flow of foreign investments here. We do need investments, the minister pointed out, pledging to improve the business climate in general. He admitted that competition to attract investments had tightened up lately, particularly in the face of the People's Republic of China.

Speaking about cooperation between Indonesia and Japan in the field of industries, the minister expected that its quality would improve. Indonesian exports to Japan were still sizable for oil and gas products but its segment went down from 72 percent (1990) to 64 percent (1992) of the whole exports to that country.

In order to increase the export of manufactured goods to Japan, Indonesia would need more investments from that country for the manufacturing sector, he said.

Batam which was part of the Riau Province and being closely situated with Singapore was designed as an hi-tech industrial bonded zone, shipping transit, centre of logistics, and tourism.

Having the bonded zone status, Batam was therefore excellent for the export-oriented industries, the minister concluded.

During their two-day stay here, the Japanese industrialists visited several industrial estates, including the Batamindo, one of the eight estates at full operational stage by now.

From Batam, they proceeded to Bali for an annual meeting with their Indonesian business partners.

World Bank Official's Help in Securing Aid Hailed

BK0406143593 Jakarta THE JAKARTA POST in English 19 May 93 p 4

[Editorial: "Gautam Kaji's Mission"]

[Text] The three-day visit here last week of the World Bank's Vice President for East Asia and the Pacific, Gautam S. Kaji, in his capacity as the chairman of Indonesia's creditor consortium, obviously attracted keen attention among the mass media. After all, the Consultative Group for Indonesia (CGI), which replaced the 24-year old Netherlands-chaired Inter-Governmental Group on Indonesia [IGGI] last year, is responsible for raising quite a portion of the government's development (investment) budget.

However, unlike the aura of suspense and "sermonizing" and the highly politically-charged mood created by the Dutch minister for international development assistance every time he visited Indonesia, the mood that Kaji

conveyed in his capacity as the chairman of CGI was that of a routine visit by an economic consultant. Unlike the agenda of Jan Pronk, the Dutch chairman of Indonesia's donor group IGGI in 1990 and 1991, which always included meetings with human rights activists and critics of the government, Kaji's itinerary was wholly business-like. He held a series of meetings with economics ministers to discuss preparations for the next annual CGI conference in Paris later next month and visited several projects funded by the World Bank. Not much of the substance of his talks was divulged to the general public. Neither did Kaji meddle in political issues because, in fact, they were not his business anyway.

Therefore, we can assume that the focus of his attention was on Indonesia's macroeconomic policies, foreign-debt management and preparations for the forthcoming session of CGI. Naturally, his visit also introduced him, for the first time, to President Suharto's new economic team, which was appointed in the middle of March.

Even though everything seems to be all right because, as chief of the World Bank resident office in Jakarta, Nicholas Hope, said over the weekend, Indonesia will most likely get new aid commitments of at least US\$4.9 billion, last year's total, Kaji's remarks on the need for Indonesia to cut its official overseas borrowings deserve the serious attention of the government.

Kaji told newsmen after a meeting with President Suharto on Saturday that the Indonesian Government should reduce its dependence on foreign loans for financing its investments to 15 percent. For the current 1993-1994 fiscal year, 38 percent of government investment is expected from foreign loans.

The suggestion was an implicit reminder that the government's foreign debts, currently estimated at \$50 billion, are already quite large. Foreign debt service burdens already account for almost 45 percent of the government's total current (routine) spending and reach as high as 30 percent of total export earnings. The magnitude of the debt service burdens can also be seen from the fact that they are already more than 51 percent larger than the total pay of government personnel, including the Armed Forces, who serve over 185 million people in the world's largest archipelagic nation.

The government has been making concerted efforts to increase internal revenues and the results so far have been fairly impressive. The proportional share of government savings (balance between internal revenues and current expenditures) in public-sector investments has risen steadily from 32 percent in 1989-1990 to 62 percent in the current fiscal year. That is still well below the 85 percent level suggested by Kaji. What is encouraging though is the underlying trend. In the previous five-year period to 1988-1989, government savings relied largely on oil revenues which are always highly vulnerable to the volatility of the international market. In 1985-1986, for example, the contribution of savings amounted to as high as 67 percent of the public-sector

investment, but in 1988-1989 it plunged to as low as 18.5 percent. However, as the series of reform measures have succeeded in restructuring the economy away from heavy dependence on the hydrocarbon sector, the government savings have risen steadily since 1989-1990 along with the steady increase in tax receipts from the non-oil economic sectors.

The challenge ahead is an uphill one. But our progress shows that the government's macroeconomic policies are on the right path. That, we think, is the main reason why the World Bank, which usually serves as the opinion leader for Indonesia's creditors, has always supported Indonesia's economic programs.

Daily Discusses Cautious Economic Policy

*BK0306135393 Jakarta KOMPAS in Indonesian
3 May 93 p 4*

[Editorial: "Indonesia Will Definitely Implement the Macro Economic Policy Cautiously"]

[Text] The Indonesian Government will implement its macroeconomic measures cautiously. This is the government's basic intention, which was stated by Finance Minister Mar'ie Muhammad when appointing the new Board of Directors of the Bank of Indonesia on Thursday.

He stated that the measures would be undertaken through fiscal, monetary, balance of payments, and other policies which should be able to maintain the nation's economic stability. The fiscal policy should lead to a dynamic balanced budget and reserve funds for development. Economic growth must be able to create as many jobs as possible.

The monetary policy will try to keep the inflation rate below 10 percent. Economic liquidity must be maintained to support a productive economy. The monetary policy will be geared maximally toward supporting equal distribution of development.

The macroeconomic measures must be reflected at the lower level. Subsequently, the finance minister asked the banking sector to pay attention to these measures.

What Minister Mar'ie Muhammad disclosed was nothing new. The Indonesian Government has all along implemented its macroeconomic measures. The government adopts the trilogy of development (equal distribution, growth, and stability through fiscal, monetary, balance of payments, and other policies).

There have been no new moves. For the time being, we cannot shift gear (some circles say our car has been moving in third gear for the past 25 years) to fourth or fifth gear.

Indeed, the situation does not make this possible, at least for the time being.

We learned from our experience in 1989 that Indonesia's economic capacity has its limits. We cannot accelerate our economic development as desired. We have our limitations and there are constraints stemming from the global economic situation.

Economic development and activities need funds. There are limitations in seeking domestic funds. We are still unable to accumulate domestic funds as desired. There are limitations in seeking foreign funds as well. Foreign funds are increasingly difficult to obtain because other countries are also competing to get them. In addition, our capacity to repay such credits is also limited.

There may be symptoms of economic and monetary instability if the limits are surpassed. This, in turn, could destroy the current development activities. Indonesia's economy will then overheat. Because of this, the government is adopting a tight economic policy. Indeed, this policy has its "price." Economic activities are slowing down and their pace is not as high as expected.

The government is trying to normalize the situation. The tight monetary policy is gradually being eased. But we know that the normalization of our economy is not a simple matter. For example, fixed deposit interest rates have decreased. But, under our controlled market economy, banks cannot easily decrease loan interest rates simultaneously. There are other inhibiting factors, including a growing number of unsettled bank credits.

Thus, the process of normalizing our economic activities has yet to end. Presumably, this was the reason of the finance minister's statement that the government would implement its macroeconomic measures cautiously. His remarks that liquidity must be maintained to support a productive economy reflects this caution.

The fiscal situation is not much different from that of the last fiscal year. There are obstacles in financing because government revenue is limited.

Businessmen as economic performers will not find it easy to obtain funds for their activities.

Textile Group Head Urges Aggressive Export Policy

*BK0106092193 Jakarta KOMPAS in Indonesian
1 May 93 p 3*

[Text] The time has come for the Indonesian Textile Association (API)—with the government's support—to change its textile trade and production (TPT) trend from its current passive, defensive attitude to an aggressive and offensive one. This measure is important due to the current international trading situation, which is considered unsatisfactory. The target for textile exports by the end of Repelita V [Fifth Development Program] was U.S.\$20 billion.

This was stated by the general chairman of the central management board of the Indonesian Textile Association, Handoko Jokrosaputro, along with the other 11

association managers, when they met with Vice President Sutrisno in the South Wing of the Merdeka Palace on Friday.

Handoko said this was a follow-up to the recently concluded national dialogue concerning the issue of textiles in Bandung. A decision was made from that dialogue concerning an urgent need for API and the government to make an effort to increase textile exports, besides reducing the import of raw materials for the garments industry.

He said: "It would be better if we became more active and dynamic. Besides penetrating the export market in non-quota countries, we could increase the volume of products exported to traditional partners."

Apart from this, in the equal distribution of efforts all API sectors should increase their cooperation with other small and major industries.

Speaking to API officials, Vice President Try Sutrisno stressed the importance of coordination of all efforts and operations between the private and government sectors toward creating an Indonesia Incorporated. According to Handoko, the Indonesian textile industry faces major competition from the People's Republic of China, Hong Kong, Taiwan, and Korea. They generally produce high-quality products. Another country which is currently emerging as a competitor is Vietnam.

He added that exports are continuously increasing but are still being hampered by certain problems. He said: "We could overcome those problems with the government's assistance. Industrialists should not feel frustrated. The vice president has urged us not to be downhearted but to continue with high spirits to try to increase our exports."

Asked if American textiles are protected, Handoko stated that that was a problem. Other issues are considered to be ordinary ones and are only related to quota limitations and high interest rates.

Handoko said: "What is important is our desire to see an increase in our exports, and this would indicate that our industries are continuing to expand. To achieve such a purpose, we need to reap profits and without profits we definitely cannot expand."

In his report he added that currently banks are apprehensive about extending loans because the textile industries are facing calamities. Therefore, a conducive situation must be created before they can extend loans.

Handoko said: "Banks have charged high interest rates but they are still afraid of extending loans. And we are afraid to request loans. Yet we are constantly forced to seek loans. Established banks will not extend loans to us. Industrialists, who are in dire need of money, are afraid of being charged high interest rates. Even minor loans for subsistence are difficult to come by, let alone large industrial loans. It is clear something must be wrong somewhere."

Daily Welcomes Privatization of State Firms

BK0506103693 Jakarta THE JAKARTA POST in English 28 May 93 p 4

[Editorial: "Privatizing State Companies"]

[Text] Now, just as we have resigned ourselves to the opinion that the government is unlikely to ever be serious about the plans, announced more than five years ago, to privatize a large number of the estimated 200 state companies, a heated debate about the possibility of selling 50 public firms to foreign investors either through international share issues or direct private placement has burned its way into the headlines of the mass media.

The debates were sparked off by remarks by State Minister for Research and Technology B.J. Habibie made at the annual conference of the U.S. Export-Import Bank in Washington on May 6. Habibie said that the Indonesian Government was willing to allow foreign investors into state companies through share issues on international and domestic exchanges or through direct placement. Habibie later elaborated on this point after he returned to Jakarta, saying that around 50 state firms were ready for their shares to be traded on international stock exchanges.

Obviously, Habibie's remarks always attract widespread, keen attention—some analysts call this the "Habibie factor"—given his clout within the executive branch of the government and his numerous official positions, including the chairmanship of 10 major state concerns.

The crux of the debate is not so much about the benefits of the privatization move itself—after all most of the informed public is strongly in favor of such a measure to improve the efficiency of the state companies—as it is about the commercial viability of the state firms to be listed on foreign exchanges. Moreover, the process of privatizing several state companies thus far seems to have no clear-cut direction. Privatization has been done through a process that is not as transparent as most businessmen and analysts have expected. Up to now, after several years of preparations and evaluation, only one state company—PT [Company Limited] Semen Gresik—has been traded on the Jakarta Stock Exchange [JSE].

We highly welcome the privatization of state firms either through domestic or international exchanges as this process is more transparent than direct private placement. The disposal of assets in secrecy or without competitive bidding makes the process of privatization highly vulnerable to corruption and enrichment of government cronies. By going public, a state company gains access to new capital and builds a broader equity base to sustain growth or even to expand business. And if its shares perform well on the market it will be able to raise additional equity funds on favorable terms.

Another equally important benefit of being listed on the exchange is the much stronger public scrutiny to which

the state company is subject. It will have to make full disclosure of its business operations and its financial reports must be audited by independent public accountants. Obviously, these obligations and requirements will force the management of the company to always be fully accountable to the public, which in this case means the state shareholders, the investing public, related finance companies and the stock exchange supervisory agency.

But judged against these requirements, we are very doubtful as to the marketability of our state companies' shares on the international exchanges. As mentioned earlier, even the Jakarta Stock Exchange, which due to its early stage of growth is much less stringent about its listings than the foreign markets, has accepted only one state company. Even with the simple test of independent public auditing, many of our state companies might fail.

We think it is on account of these tough requirements that President Suharto deemed it necessary to instruct, through the Minister of Industry Tunku Ariwibowo, early this week that the supervising ministries should first ensure that state companies have fulfilled all the listing requirements before they decide to make public share offerings overseas.

In our view, the best way to go international is via the domestic stock exchange. Listing on the JSE not only would expand the base of the domestic stock market and inject new lifeblood to heal its bearish condition, but also would increase the choices for the investing public. Since foreign portfolio investors are active on the JSE, listing on this exchange could constitute the "testing of the water" for state companies before they enter the international arena. Moreover, we don't think that listing state companies on the local exchange would crowd out private issuers.

PRC Proposes Posts, Telecommunications Cooperation

BK3105130493 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 29 May 93

[Text] The PRC has expressed its intention to undertake cooperation in posts and telecommunications with Indonesia because the two fields play an important role in enhancing bilateral relations. This was stated by PRC Posts and Telecommunications Minister (Liu Pingyuan) to newsmen in Surabaya today. According to Minister (Liu Pingyuan), it is now time for the PRC and Indonesia to undertake cooperation in posts and telecommunications to strengthen the ongoing economic and trade cooperation. On (Indotech) 1993 in Surabaya, (Liu Pingyuan) said the fair is good and attractive and such activities will serve to strengthen friendship between nations and introduce the cultures of nations.

Firm Ready To Compete With U.S. in Satellite Service

BK3005124593 Jakarta THE JAKARTA POST in English 18 May 93 p 8

[Excerpts] Jakarta (JP)—PT Satelindo is ready to compete with American companies in the satellite service business even though the Indonesian firm is not able to provide its services until at least one year after their competitors come into operations. Satelindo's president, Iwa Sewaka, said here yesterday that his company will be ready for competition even though it will only be able to start operating its first satellite, Palapa C 1, in 1995.

An American company operating the Panamsat series of satellites will launch new satellites above the Pacific and Indian oceans this year, or by next year at the latest, with coverage areas overlapping to Satelindo's.

Iwa expressed his confidence that customers of the Palapa series of satellites will not turn to the arriving competitors because his company will offer competitive packages.

"The packages should not necessarily be on the rent rates of the transponders. Any business deal will involve many aspects, including the price component," he said here yesterday.

Satelindo, jointly owned by PT [Company Limited] Telekomunikasi Indonesia, PT Indosat and PT Bima Graha of PT Bimantara Citra, is still struggling to find most viable financing sources for its Palapa C 1 satellite, including the U.S. Export and Import Bank, to finance the satellite purchase and launching. [passage omitted]

Palapa C 1 and Panamsat 2 satellites will have 48 transponders each. The coverage range of the two satellites will overlap across a vast territory starting from South and East Asia to Australia and New Zealand. But, the American firm will benefit from the fact that it can offer services one year ahead of Satelindo and the fact that it can offer global satellite network services. Satelindo will be able to offer only regional coverage areas across the Asia-Pacific territory.

The American firm can also reportedly offer much lower transponder lease rates than Satelindo, which plans to charge up to US\$1.3 million per transponder a year. [passage omitted]

Iwa said Satelindo had just appointed PT Tugu Pratama as the lead insurer for a consortium of insurance companies which will support the launching of the Palapa C 1 satellite by either Arianespace of France or General Dynamics of the United States.

Official Details Need for Technical Workers

BK0106075193 Jakarta KOMPAS in Indonesian 19 Apr 93 p 1, 14

[Excerpts] The time has come to have more technical workers instead of workers with nontechnical education

because technical manpower can bring about increased production. The problem of crossing over to technical manpower from the nontechnical employment sector can be expected.

Drs. [Master of Economics] Christiano Wibisono, Director of the Business Data Center of Indonesia, expressed this opinion when asked by KOMPAS on 13 April. He added that manpower with a social educational background was only considered as a vocal group [preceeding two words in English] and had not played a concrete role in production. According to Drs Christiano, technical manpower—particularly the engineering group—forms the majority. Currently, the number of nontechnical workers is more than that of technical workers and such an imbalance should be discouraged. An ideal composition would be an 80-percent representation from the engineering group, while the nonengineering group would make up for the remaining 20 percent.

Drs. Christiano cited the example of Japan's current progress compared with that of the U.S.. In Japan, greater priority is given to technical education instead of nontechnical education, while in the U.S. it was the reverse, and this allowed Japan to be competitive in the technological field with other developed nations, including the U.S. itself. [passage omitted]

He stated that the percentage of foreign workers in Indonesia's petroleum sector had declined over the last eight years. In 1984, the number of foreign workers stood at only 9 percent, while in 1992 it dipped to only 4.6 percent. This indicated that Indonesia's technical manpower is in demand by the industrial world.

He considered that technicians should be creative and produce commodities of high commercial value which can be mass produced. If technicians were unable to embark on such a course, then they would be considered non-productive.[passage omitted]

Prof. Dr Sudijatiro MA [Master of Arts], Director General of Extracurricular Activities, Youth and Sports in the Education and Culture Department, clarified to KOMPAS last week that it was difficult to predict the future need for manpower. The department conducts a periodic meeting with members of the community in an effort to monitor the needs of society. This was carried out even though it is the Manpower Department's responsibility. [passage omitted]

For the 1993/94 fiscal year, the government has set aside a 90-billion rupiah allocation for extracurricular activities in schools in an effort to eradicate ignorance and illiteracy in the three basic educational skills and also check against the drop-out problem among poor students. These students can enroll in educational programs such as the rural development programs and skilled training and youth leadership courses. [passage omitted]

There are currently about 20,000 industries in East Java and the number of the work force has reached 1.9

million. But only 928 of these industries have registered as participants in the compulsory training scheme for their employees. There are currently 16 training centers with training facilities for the work force.

According to Setiajit, coordinator for East Java District Training Board Secretariat, an annual rate of about 900 industrial employees participate in the training program, hoping that their wages would be increased in accordance with their increased skills.

Diplomatic Ties Established With Kazakhstan

BK0906131693 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 9 Jun 93

[Text] Indonesia and the Republic of Kazakhstan have agreed to establish diplomatic relations at the ambassadorial level. The agreement took effect the beginning of this month after an exchange of diplomatic notes between the two countries. A press release issued by the Department of Foreign Affairs in Jakarta today said the establishment of diplomatic ties is based on the two countries' desire to upgrade and strengthen friendship and cooperation in various fields.

Laos

Paper Hails 'Success' of Thai Premier's Visit

BK1006130993 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 9 Jun 93

["Article" from 9 June PASASON: "Wholeheartedly Hail the Success of the Visit to Laos by the High-level Thai Government Delegation"]

[Text] In response to an invitation of His Excellency [H.E.] Khamtai Siphandon, prime minister of the Lao People's Democratic Republic [LPDR], a high-level government delegation of the Kingdom of Thailand, comprising 112 members including officials and businessmen, led by H.E. Prime Minister Chuan Likphai paid an official friendship visit to the LPDR on 4 June and ended the visit with glorious success on 7 June. With the visit, a new, effective step in the development of the time-honored Lao-Thai relations and cooperation has been achieved in conformity with the requirements in the relations and cooperation between the two countries in the new stage. The visit by the high-level Thai Government delegation proceeded amid an atmosphere in which the relations between Laos and Thailand have improved as never before. The improvement of the relations has been seen through the exchanges of visits by delegations at all levels. The cooperation and coordination in each branch, as well as the investment in the LPDR by investors from the Kingdom of Thailand, have been carried out in an enthusiastic atmosphere and with good mutual understanding.

Since our country has pursued an open-door policy, accepting foreign investment in 1988, Thailand has

become the top-ranking country from which most investors have made investments in the LPDR. Thai investors have invested in altogether 126 projects worth as much as U.S. \$164 million, covering 35 percent of the total value of all foreign investment in the LPDR. The project for the construction of a bridge across the Mekong River, which serves as a significant token of Lao-Thai friendship and which has been provided with assistance from the Australian Government, has now been 70 percent completed. Other Thai-invested projects have also been carried out in a very good atmosphere. All these have brought about an atmosphere of close friendship and good mutual understanding for the visit to Laos by the Thai Government delegation led by H.E. Chuan Lik-phai.

During the visit, though it was short, the Thai delegation achieved much success in working together with H.E. Prime Minister Khamtai Siphandon and a Lao host delegation. The top government leaders of the two countries met and reached decisions on many important issues, including issues of socioeconomic development as well as of national defense and public security maintenance along the common border. For example, the Thai side is ready to give advantageous cooperation to the Lao side in the electrical power development project, which the Lao side has intended to develop so that it can be capable of producing 1,500 megawatts for the period from now to the year 2000. The Thai side has agreed to give full cooperation in both constructing the project and buying the electricity. Regarding the Lao Government's policy on the promotion of foreign investment in the LPDR, the Thai side has also rendered support to the Lao side through many concrete actions, such as the exchange of information and data on joint investments. In addition, the Thai side has agreed to help build and train investment execution and service personnel and to improve the investment management work in order to attract more and more investors both from the Kingdom of Thailand and other countries. The Thai side has also agreed to help fulfill the future development project on communications work in the LPDR, including the construction of more roads linking neighboring countries and roads leading to the sea. The Thai side is also ready to give favorable support and cooperation to Laos in solving the problem of the transportation of goods in transit after the completion of the construction of the Lao-Thai friendship bridge, the tax problem, and other problems.

All these have shown that the official friendship visit to the LPDR by the high-level Thai Government delegation has brought about great, praiseworthy achievements. The aforesaid satisfactory development of the Lao-Thai relations and the cooperation in many fields, in particular in the economic field, has even hurt the feelings of a group of certain people who are hostile to the atmosphere of the development of Lao-Thai friendship. They have now resorted to using all manner of schemes and tricks to obstruct and sabotage Lao-Thai friendship. In light of this, it is required that we—Lao and Thai

peoples—continue to be vigilant. We must also cooperate in settling as far as possible all other remaining problems. We are both aware that with our unanimous determination and sincerity, we are able to settle all problems together. This is an obligation our Lao and Thai peoples must fulfill so as to significantly contribute to promoting and expanding the success of this visit to Laos by the high-level Thai Government delegation, as well as to progressively translating into reality the agreements and joint statements signed between the governments of the two countries—Laos and Thailand—with a view to raising the fraternal and good-neighborly relations, based on similar languages and traditions, to a higher level and to making the relations last forever.

Thailand

No-Confidence Debate Against Government Resumes

BK1006092293 Bangkok Radio Thailand Network in Thai 0530 GMT 10 Jun 93

[Text] At 1020 today the House of Representatives resumed debating the urgent motion submitted by the opposition Chat Phatthana Party to grill the government. House Speaker Marut Bunnak acted as president of the session.

Today's debate is continuing from yesterday's session. It began with General Athit Kamlang-ek, a Chat Phatthana Party MP from Loei Province, taking the floor and debating the government's policy of streamlining military personnel. He stressed the point that the situation at the borders around the country is unreliable, with border disputes waiting to be resolved on a continual basis. He cited as an example the cases of Ban Rom Klao, the dispute over three border villages in Uttaradit Province, the problem of Hill 491, the problem of demarcation of the Thai-Malaysian border, and the situation on the Thai-Cambodian border. Gen. Athit Kamlang-ek stressed his opposition to the plan to reduce combat units.

Prasong 'Disappointed' With Queries

BK1106022593 Bangkok THE NATION in English 11 Jun 93 p A3

[Text] Foreign Minister Prasong Sunsiri, who faced the most protests during the first day of the no-confidence debate on Wednesday, yesterday indicated that he was disappointed with the opposition.

Prasong said he was thoroughly prepared in anticipation of the opposition's queries but many were not raised by the opposition, thus giving him no chance to speak on all the topics he had at hand.

The minister said opposition MPs [members of Parliament] levelled only old and repeated allegations which had already been given wide publicity by the press.

"I still have many issues for the House (but was not asked)," Prasong said.

Prasong was accused by opposition MPs of paying no or little attention to the plight of Thai workers and prostitutes in foreign countries. The minister was also criticized for his alleged failure to solve border problems with neighbouring countries.

Observers said Prasong was successful in warding off most of the opposition's allegations although he drew protests from opposition MPs virtually every few minutes when he replied to their questions with counterattacks.

Prasong started as if he were delivering sermon, alleging that the opposition was downgrading Parliament's prestige by cooking up allegations against him inside the august institution.

"Parliament is not a stage for one to use to capture attention by making groundless accusations," Prasong said.

Many opposition MPs stood up to protest, accusing the minister of not answering their questions but instead making allegations against them, which they said were irrelevant to the censure debate.

"Please behave yourself like a grown-up and don't be childish. You have to answer our questions directly, and not speaking about irrelevant things of the past," an opposition MP protested.

But government MPs, especially those from the Phalang Tham Party to which Prasong belongs, staged counter-protests.

"It's not fair that opposition MPs were given hours to attack Prasong but they protested when it was the minister's turn to dispute them," Deputy Interior Minister Chamni Sakdiset of the Phalang Tham Party said.

Prasong went on, saying most of the problems he was facing was caused by previous governments, including the Chatchai administration, several of whose partners are not opposition parties.

Prasong said the Chatchai government's handling of foreign affairs and its "corrupt" image "made my job a very heavy one."

With the protests and counter-protest and the way Prasong turned the tables on opposition MPs, the highlight of the otherwise dull debate did not come until just before the censure session was adjourned, soon after midnight.

Prasong drew a strong protest from Muan Chon Party leader Chaloeam Yubamrung because of the word "corrupt".

Chaloeam, who was probed by a military-installed graft panel which temporarily impounded his assets, asked Prasong to name the corrupt politicians—the assets

seizure was later annulled by the Supreme Court on grounds that the probe was unconstitutional.

"The minister should not have made a blanket accusation," Chaloeam protested. "He must dare to identify who were corrupt. As one of the politicians investigated on corruption charges, I have my right to protest his statement."

Chaloeam asked Marut to force Prasong to identify who was corrupt in past governments but the foreign minister was allowed to proceed with his debate.

Prasong, a key target of the opposition, said the Chuan administration's major foreign affairs achievements included peaceful solutions to a Thai-Burmese border dispute, an improved Thai-Saudi relationship and the country's better image on human rights.

He noted that when the Thai-Burmese territorial dispute first erupted, a belligerent Chatchai told Parliament the Chuan administration should use force to settle the conflict.

The deterioration of Thai-Saudi ties, Prasong added, took place in Chatchai's era after Saudi diplomats here were gunned down and Thai police returned fake jewellery to Riyadh after they had arrested a thief who had escaped from a Saudi palace with the valuables.

Thailand's decision to allow Nobel Peace Prize winners, including the Dalai Lama, the Tibetan spiritual leader, to come here to campaign for the release of Burmese opposition leader Aung San Suu Kyi greatly improved Bangkok's image in the eyes of the international community, Prasong said.

Interior Minister Criticized

BK1106074393 Bangkok Radio Thailand Network in Thai 0530 GMT 11 Jun 93

[Text] The Public Relations Department's correspondent reported that the House of Representatives began a meeting at 1030 today to resume, for a third day, the no-confidence debate against individual ministers and the entire cabinet as proposed by opposition parties.

Several opposition members of the parliament [MPs] criticized the interior minister for his ineffective performance of duty and failure to come up with any concrete achievements. They said the minister was unable to prevent competition among agencies concerned and suppress corruption and malfeasances within government circles. This created difficulties and hardships for the people and government officials, who have been doing their duties faithfully and honestly. The opposition MP's cited the demand for a service charge from the people by officials of the Land Department and the demand for 100,000 to 1 million baht for the transfer and appointment of government officials in certain positions. They proposed that the interior minister be transferred back to work at Government House. The debate continues at the time of this report.

Government Suffers Cash Shortfall

*BK0406044793 Bangkok BANGKOK POST in English
4 Jun 93 p 17*

[Text] The Government suffered a 10,194-million baht cash shortfall in the first seven months of this fiscal year.

Deputy Finance Ministry Permanent Secretary Som-chainuk Engtrakul said from October 1992-April 1993 the Government's total revenue collection amounted to 277,984.9 million baht while it spent 288,178.9 million baht.

As of April 30, the Government's outstanding debt totalled 611,200.76 million baht, comprising 294,788.23 million baht of domestic debts and 316,412.53 million baht of foreign debts.

The Government's revenue in the period came from the following sources:

- Customs Department, 60,793.1 million baht, up 13,825.11 million baht or 29.43 percent from the same period last year and 7,583.1 million baht or 14.25 percent higher than the target;
- Excise Department, 73,932.47 million baht, an increase of 16,807.97 million baht or 29.42 percent from the same period last year and 7,596.95 million baht or 11.45 percent above target; and
- Revenue Department, 133,272.22 million baht, up 12,909.24 million baht or 10.73 percent from the previous year and 2,381.21 million baht or 1.82 percent higher than target.

Minister Discusses Efforts To Boost Exports

BK0506080693 Bangkok Radio Thailand Network in Thai 0530 GMT 5 Jun 93

[Text] The government and private sectors have jointly worked out both short- and long-term measures to boost exports during the second half of 1993 since the 1st quarter exports for this year fall below the set target of over 20 billion baht.

Deputy Commerce Minister Phaithun Kaeothong disclosed that the economic ministerial committee has laid down urgent measures to boost this year's exports, which include readjustment of import duties imposed on raw materials and semi-finished and finished goods; expedition of the value-added tax [VAT] return; amendment of the VAT Law to relieve the burden for exporters; improvement of import and export procedures to increase the competitiveness of Thai goods; promotion of new export products; and finding new markets such as those in the Middle East, Africa, East Europe, Latin America, and Indochina.

The deputy commerce minister also said that the proposal to set up the bank for imports and export, which was approved by the cabinet in February, is being

considered by the parliament. Meanwhile, the Commerce Ministry has set aside an amount of money from the budget for the promotion of international trade to support relevant research projects by both the government and private sectors.

Commerce Minister Extends ICO Coffee Accord

*BK0506023593 Bangkok BANGKOK POST in English
5 Jun 93 p 20*

[Text] Commerce Minister Uthai Phimchaichon will extend for another year Thailand's agreement with the International Coffee Organisation [ICO], according to an informed ministry source.

The extension of the agreement which expired on May 4, is designed to give Thailand time to negotiate proposed quotas on exports, the source said.

The Government would negotiate with the ICO for a new international coffee contract.

If the ICO's members agreed to a global quota it would help shore up the prices on the Thai market too, the source said. The Government could then cut its subsidies for coffee exports.

When the ICO met in March, there were disputes between coffee-exporting countries and importers on terms of a new contract.

Coffee exporters wanted to finalise a new contract within 18 months but importers wanted the term to be for three years.

The source said coffee exporters set a sales target of 3.72 million tons a year but the amount for each ICO member and the reference price for various types of coffee has yet to be resolved.

Plan Scrapped for Purchase of 7 New Jets

BK0906014993 Bangkok THE NATION in English 9 Jun 93 p B1

[Text] Cabinet yesterday approved Deputy Transport and Communications Minister Thawi Kraikupti's proposal that Thai Airways International [THAI] plan to acquire seven new aircraft be scrapped. It was decided to cancel the order because the airline's fleet is now considered adequate to meet prevailing requirements. It already has several new aircraft on order and paid for, but not yet delivered. The seven aircraft, costing Bt13.5 billion, were part of the airline's 19-plane acquisition package. Earlier, the Anan Panyarachun government had told the airline to purchase 12 of the 19 new planes. The 12 were Boeing 747-400s and 777s.

But the Anan Cabinet told the airline, the Transport Ministry, and the National Economic and Social Development Board, to conduct a comparative study on the makes and types of aircraft required to make up the number.

THAI originally wanted to buy Airbus 330s but Cabinet preferred Boeing 777s, which are considered more cost effective. Like other airlines, THAI has encountered a slump and cost-cutting measures were introduced to cope with the situation. New aircraft orders were either postponed or cancelled.

In addition, many airlines moved to increase the quality of their in-flight services to try to maintain their market shares. THAI, for instance, has conducted a study on the merits of introducing an in-flight telephone service. Singapore Airlines, meanwhile, has already launched an in-flight phone/fax service.

Deputy Defense Minister on Reduction Plans

BK0906013193 Bangkok THE NATION in English 9 Jun 93 p A2

[Text] The military's strength will be reduced to between 60,000 and 70,000 men by 1996, according to Deputy Defence Minister Maj Gen Sombat Rotphothong yesterday. Sombat said the ministry would gradually reduce military personnel, especially recruits. The ministry also intends to offer attractive retirement benefits to encourage soldiers to opt for early retirement. Asked if the military's top ranks would be reduced, Sombat said the personnel attrition would be general and not targeted at specific groups. However, the ministry could not force those with ranks from major general and upwards to resign. He insisted that all senior soldiers had their own duties, and no one was idle. Moreover, every two years the senior soldiers' performance would be evaluated. If any one's work was not up to standard, he would be retired or his perks would be cut down, Sombat said.

Meanwhile, Defence Minister Gen Wichit Sukmak said yesterday there was no change in the number of senior positions at the Supreme Command Headquarters. Wichit added that he has yet to receive from the army details on how it planned to reduce its personnel. The large number of senior soldiers was due to the Vietnam War in which Thailand took part when there was a need for a lot of officers.

Navy To Establish Submarine, Helicopter Fleets

BK1106021193 Bangkok THE NATION in English 11 Jun 93 p A2

[Text] The Royal Thai Navy plans to buy three submarines and two helicopter carriers for two new fleets, a senior navy officer said yesterday.

Adm Santiphap Muming, commander of the Royal Fleet, said the navy also wants to buy 14 modern helicopters for the carriers.

He said the Navy has been given permission by the Defence Ministry to establish helicopter carrier and submarine fleets as part of its modernization programme.

One of the two helicopter carriers he said, is being built in Spain at a cost of Bt [baht] 1.7 billion and is scheduled to be completed in 1996.

The Navy has been shopping for submarines in European countries but has yet to make a final decision.

Adm Santiphap estimated the initial submarine fleet comprising three submarines to cost "tens of billions of baht".

Adm Santiphap said the Navy needs a submarine fleet to add more punch to its defence capability.

Germany, the Netherlands and Sweden are among countries which are seen as potential suppliers of submarines for the Navy.

Drug Association Members Criticize Commerce Ministry

BK1006112193 Bangkok SIAM POST in Thai 10 Jun 93 p 23

[Text] Doctor Waiwut Thanetworakun, adviser to the Modern Pharmaceutical Industry Association, accused the Commerce Ministry of confusing the public about the figure on the losses Thailand would suffer if it gives a seven-year retroactive protection period for pipeline drugs as demanded by the United States. He said the figure of 25 million baht estimated by the ministry was too low. The estimated figure by the Public Health Ministry looks more likely because it was calculated from the cases of illness suffered by the people each year. Besides, the Commerce Ministry has never taken into consideration the factors of capital and the cost of production based on the figures of the Food and Drug Organization.

"The Commerce Ministry has never elaborated on the figure regarding potential losses, estimated at 25 million baht. We know that the figure was based on the U.S. estimation of Thailand's expected losses. The Commerce Ministry has never made the calculation and reported to the public. The information given by the commerce permanent secretary and minister, Uthai Phimchaichon, is different. So how can we believe them?" the doctor says.

A source at the Thai Pharmaceutical Producers Association criticised the Commerce Ministry for never consulting others and never taking into consideration the impact on or disadvantages to the Thai people. The ministry is only concerned with complying with the U.S. dictate in order not to tarnish Thailand's image.

The government must study carefully the information provided by both the Commerce and the Health Ministries. The patent protection for new drugs involves not only U.S. drugs, but also European drugs. And that means the losses will be higher.

In addition, old drugs distributed in foreign countries or those for which patents have expired would also be

covered by the protection. Drug companies therefore could take advantage of the decision. And there are more than 1,000 drugs under such a category.

Phonwit Phatcharintanakun, member of the Pharmaceutical Producers Association, said that we must try to figure out what the two ministries used as criteria on which to base their estimation of losses.

There were only a few cases of imitation of patented drugs in the past—only 10 to 15 percent. This is because there was a lack of chemical substances and sophisticated mechanisms in Thailand, and not because of the patent law. "The Commerce and Health Ministries should cooperate with one another to obtain accurate information for the people instead of confusing them," he said.

Ministry Suspends Scheme To Buy Rice From Farmers

*BK0906023593 Bangkok BANGKOK POST in English
9 Jun 93 p 17*

[Text] Agriculture and Cooperatives Minister Nipon Phromphan has suspended the Confederation of Agricultural Cooperatives' scheme to buy rice worth about 1,000 million baht. The scheme was suspended on the grounds that agricultural cooperatives in some provinces were found to have been buying rice from millers and merchants, instead of from farmers as instructed by the Government. Funding for the scheme came from the Farmers' Assistance Fund. It was aimed at buying 800,000 bags of rice at 590.36 baht a bag.

Mr Nipon said the Government's policy to shore up paddy prices would not be successful if the rice was not bought from farmers.

Deputy Minister Thawil Chantaraprasong said the ministry will ask the committee on rice policy to scrap the scheme.

Permanent Secretary for Agriculture and Cooperatives Sommai Surakun said he has set up a committee to investigate the sources and amounts of rice the confederation has bought. About 100,000 bags have been delivered to the Public Warehouse Organisation.

An informed source claimed that Mr Nipon made the order to defend himself, as the issue will be debated in the Opposition's no-confidence motion scheduled to start today.

Chawalit: Burma Trying To Return Power to People

*BK0206013093 Bangkok TNA in English 0359 GMT 1
May 93*

[Text] Bangkok, June 1 (OANA/TNA)—Thai Interior Minister Chawalit Yongchaiyut said Monday Burma's ruling military junta had been trying hard to open up the country and return power to the people.

Chawalit was speaking at the end of a brief one-day visit to Rangoon during which he held talks with senior Burmese officials including Prime Minister Than Shwe.

He said the talks focused on problems such as the demarcation of the Thai-Burmese border, fishing rights and the logging trade.

However, Chawalit made no mention of the execution of two Thai villagers recently, just across the border from the northern province of Tak (km from here). [sentence as received]

Confirming the killings, Burmese officials said the pair had been shot after it was found they had entered Burma illegally.

The interior minister also said he did not raise the continued house arrest of Burmese opposition leader and Nobel prize winner, Aung San Suu Kyi.

Chawalit has maintained close links with Rangoon's military leaders since his days as army commander-in-chief.

Dispute With Burma Over Hill 491 Settled

*BK0906011193 Bangkok BANGKOK POST in English
9 Jun 93 p 3*

[Text] Nakhon Si Thammarat—Fourth Army Commander Lt-Gen Kitthi Ratthanachaya said the Thai-Burmese dispute over Hill 491 bordering Ranong Province and Burma has been settled, adding that both countries have finished a demarcation line in the disputed area.

"There is no more conflict over Hill 491," he said.

He said bilateral relations between the two countries have been much strengthened as the Fourth Army has stepped up coordination with the Burmese Army at lower levels so that misunderstandings that might arise along the common border could be peacefully settled.

Burmese Plans To End Thai Logging Confirmed

*BK1106030893 Bangkok BANGKOK POST in English
11 Jun 93 p 15*

[Text] The Burmese Government has confirmed its decision to scrap the 47 Thai timber logging concessions along the Thai-Burmese border on December 31 this year. According to a report from the Thai Ambassador in Rangoon to Col Adundet Chakkraphan, the managing director of the state-run Forestry Industry Organisation (FIO), Burma would give the timber concessions to Burmese interests for 2-3 years, but they would not be permitted to transport the timber through the 20 Thai check points along the border.

The Burmese companies would be allowed to sell their products to Thai timber companies. The report also said that the 47 timber companies could form joint ventures with the Burmese to invest in sawmills or plywood

factories. There are 84 Burmese sawmills and five plywood factories already operating.

The Burmese Government would provide an opportunity for small groups of people living along the border to obtain the timber concessions, the report said.

The Government decided to end the concessions last November, but did not confirm the decision to Thai concessionaires. The federation representing the 47 Thai concessions had decided to talk to Agriculture Minister Nippon Phromphan about negotiating with the Burmese Government soon, federation spokesman Phirasak Chaturaphonprasit said.

Mr Phirasak said Thailand had imported more than 700,000 cubic metres of timber from the concessions last year, but demand in Thailand was for about three million cubic metres a year.

After the concessions were cancelled, timber imports would not be sufficient to meet supply, he said. It was estimated that 70 percent of timber cut by the Burmese would not be exported to Thailand because all timber would be stored in Rangoon and Thai companies would have to bid for it with other countries. Thai companies would also face higher transportation costs.

Mr Phirasak said the Burmese could not conduct the concessions better than Thai companies because Burma did not have efficient technology and lacked experience in running the concessions.

"The federation hopes that Mr Nippon's negotiations will help the 47 Thai timber concessionaires in Burma," he said.

He said Burma had confirmed it would end only Thai timber concessions, not those held by Malaysian or Singaporean companies.

Sanpakit Thawonwong, the manager of the Thai Furniture Industry Association, said only 10 percent of Burmese timber imported in Thailand was used by furniture companies. The real estate industry used the remaining 90 percent.

The vice president of furniture manufacturer Thai Asia Industry Co Ltd, Wira Tanchukiat, said the Burmese confirmation would not affect the company for the next 1-2 years because the company had supplies.

Prevention of Cambodian 'Bloodbath' Viewed

BK1106023393 Bangkok THE NATION in English 11 Jun 93 p A6

[Editorial: "A Renewed Bloodbath Must Be Prevented in Cambodia"]

[Text] The United Nations certified yesterday that the royalist opposition Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative

Cambodia] party won last month's Cambodian elections by a 7.25 per cent margin, and the poll was "free and fair."

Funcinpec won 45.47 percent of the vote, compared to 38.22 garnered by the government's Cambodian People's Party (CPP), UN Transitional Authority in Cambodia (Untac) chief Yasushi Akashi announced during a meeting of the Supreme National Council (SNC).

"The result I have just announced fairly and accurately reflects the will of the Cambodian people and must be respected," added the Untac chief.

Something on the order of a miracle occurred in Cambodia in the last week of May with about 90 per cent of the electorate casting their votes in the first ever UN-sponsored elections in the war-torn country.

The credit for the success of the election goes to the Cambodian people themselves, who despite their doubts and predicaments, were willing to give the democratic process a chance by showing their determination to vote.

Though detailed analysis into the voting trends of the Cambodian people during the May polls are still a long way off, Funcinpec should not fool itself with the notion that it won the elections because the party has a popular mandate.

Frankly, many Cambodians voted for Funcinpec—bearing in mind the limited choices—as a protest against the ruling Phnom Penh government's CPP.

Though the Vietnamese-installed Phnom Penh government stood up as a bulwark against the hated Khmer Rouge regime, it goes without saying that the State of Cambodia-run country was plagued with corruption and maladministration, so much so that the divide between the rich and the poor became noticeably bigger day by day.

After Untac's official statement declaring the elections free and fair, the Phnom Penh government announced immediately that it did not recognize the results because of "massive electoral irregularities".

Considering the fact that the CPP had at its full disposal the advantage of using the state machinery for the polls. This claim seems rather preposterous. International human rights monitors can testify there has been clear evidence that the CPP was responsible for the pre-election violence directed against Funcinpec cadres.

During the election campaign Funcinpec made full use of the name of Prince Norodom Sihanouk, as the person who would allow Cambodia to see better days—a return to the "golden age" before Lon Nol, Pol Pot and the Vietnamese.

But going through the annals of contemporary Cambodian history, it is clear that the Sihanouk-led government

before the days of Lon Nol was also driven by greed and plagued by problems of corruption and maladministration.

Though the Cambodian people realize this, the votes cast for Funcinpec indicate that they are optimistic a better Cambodia is possible than the one run by the Phnom Penh government. Because of this, Funcinpec must not disappoint the Khmer people by allowing Cambodia to return to its feudalistic past.

However, a word of caution has to be expressed. After 23 years of war, Cambodia cannot be expected to be transformed into a Western-styled democracy just overnight. A mechanism to bring the losers and winners of the May polls together before the national assembly is formed is an absolute necessity, considering the circumstances the country is in right now.

There are indications that the Phnom Penh government is not willing to hand over power to Funcinpec and there are worrying prospects that it may go about forming some kind of autonomous regions in the east and north-east parts of Cambodia for itself.

Governments who have a stake in Cambodia together with the UN Security Council must support the formation of a provisional coalition government for the national reconciliation of Cambodia. If there are any delays in this, there will definitely be a renewed blood-bath in the country.

Cambodians have no illusions about their leaders but Sihanouk, despite his mercurial style of leadership, remains the only person somewhat qualified to unite the Khmer people.

By all means, for the sake of Cambodia, he must be allowed to head the coalition provisional government before the national assembly is formed.

Prasong on 'Intention' Regarding Rights Covenant

*BK1106035893 Bangkok BANGKOK POST in English
11 Jun 93 p 2*

[Text] Foreign Minister Prasong Sunsiri, heading a Thai delegation to the World Conference on Human Rights which opens in Vienna on Monday, will affirm Thailand's intention to accede to the International Covenant on Civil and Political Rights.

Thailand initially planned to accede to the 1966 covenant in time for what is the Second World Conference on Human Rights and the reason for the delay was not immediately clear.

"We planned to become a party to the covenant by this month but we are not ready yet," one official said. "The Foreign Minister will affirm that we intend to do so," the official added.

Squadron Leader Prasong, who is scheduled to leave Bangkok tomorrow, is due to address the Vienna conference on Wednesday after presiding over a meeting of Thai ambassadors in Brussels.

The June 14-25 conference in Vienna, the first world gathering on human rights in 25 years is to adopt an agenda for action amid what the United Nations Information Service (UNIS) notes is an "alarming increase" in violations.

The UN Centre for Human Rights this year has already received more than 125,000 complaints about violations, or triple the number received for all of 1992 UNIS pointed out.

The conference takes place after 49 Asian countries at a preparatory meeting in Bangkok, emphasised the need to consider human rights in national and regional contexts on the basis of the principles of respect for national sovereignty and non-interference.

The Bangkok Declaration, adopted on April 2, also opposed the use of human rights as a condition for development assistance.

Ministers attending the Vienna conference will consider a draft final document that sets out a series of human rights questions and proposes an agenda for action.

The conference will also consider ways to improve the implementation and universalisation of existing human rights instruments. It will further look at recommendations for the establishment of national human rights institutions and for states parties to treaties to reduce their reservations to a minimum.

As a prelude to the conference, non-governmental organisations (NGOs) yesterday opened a two-day forum during which they were to air their concerns regarding the UN's human rights programmes and the world conference.

NGOs are organising a number of "fringe events" including concerts, workshops and a "march of cultures" through Vienna, during the two-week conference, UNIS noted.

Some 162 NGOs participated in the final preparatory meeting in Geneva and submitted proposals for the final document, it added.

The conference, taking place at the Austria Centre in Vienna, will be opened by UN Secretary-General Butrus Butrus-Ghali.

Special guests include former US president Jimmy Carter, 1992 Nobel Peace Prize laureate Rigoberta Menchu Tum, Russian human rights activist Elena Bonner, former Philippine president Corazon Aquino and Nelson Mandela, president of the African National Congress (ANC).

Telecom Plant, Exports to Indochina Viewed*BK1106024793 Bangkok THE NATION in English 11 Jun 93 p B2***[By Watsana Khomphira and Yingyot Manchuwisit]**

[Text] The Transport and Communications Minister Winai Somphong has endorsed the Telephone Organization of Thailand's (TOT) plan to set up a telecom equipment plant for self-supply and exports to Indochina.

The decision is a result of a concerted TOT effort to stop depending on overseas-produced equipment which costs many billions of baht in foreign exchange each year.

Winai said yesterday that he agreed with the TOT's plan because it involved adopting hi-technology procedures which will be useful for the country in future. The output could also help boost exports to neighbouring countries, he added.

"If Thailand had its own telecom equipment manufacturing plant we would save a lot of money," he said.

According to the TOT board, the body will be seeking a joint venture partnership to pick up the necessary expertise.

The plant will produce switchings—a major component in telephone line installations—which will initially serve the TOT's increased telephone line capacity.

Roungrot Siprasoetsuk, the TOT chairman, said that it would also set up a research and development centre to ensure the future development of Thailand's telecommunication business.

The TOT will call a bid for a consultancy firm who's brief will be to come up with a manufacturing plan. It will also research the licence specifications required for buying technology from leading manufacturers.

"The plant would benefit the TOT in many ways as it would be a staff training centre and a major base for the country's exports," a TOT officer said.

The National Electronics and Computer Technology Centre (Nectec) headed by Dr Phairat Thatchayaphong, another TOT director, will help oversee the factory's establishment.

Currently, Thailand has only one telephone switching plant; it's owned by NEC of Japan. The Thai government and the TOT are thus obliged to NEC to support its products—much of Thailand's telecommunication hardware is supplied by the Japanese firm.

But the situation could well change as more players seek to penetrate the Thai market, among them Ericsson, Siemens, Alcatel, Fujitsu, and AT&T.

Ericsson is setting up a Bt [baht] 200 million plant, Thailand's second, on the Rojana Industrial Estate in Ayutthaya province. The Swedish firm expects to open its doors by August.

According to Ericsson executives, the go ahead to set up the plant came before the company received any firm orders. However, it decided to move fast as it was confident in Thailand's growing telecom sector.

Ericsson will supply Thai Telephone and Telecommunication, the concessionaire awarded the one million line expansion licence. It is expected that supply of the million lines will be shared between Ericsson and Alcatel of France.

"We invested before getting business because we believed in Thailand's growth.

"In 1993, Thailand will become (Asia's) second fastest growing economy after China," said Rolf Gangstorm, an Ericsson Communications (Thailand) executive.

Siemens and AT&T are also planning to establish Thailand plants in cooperation with TelecomAsia, the two million line licensee. TelecomAsia is currently considering a site at the Industrial Estate Development Laem Chabang, in Chon Buri province.

Pineapple 'Conspiracy' Protest Made to Australia*BK1106024193 Bangkok THE NATION in English 11 Jun 93 p B1*

[Text] Deputy Commerce Minister Phaithun Kaeothong said the Thai Embassy in Canberra has issued a protest note to the Australian government over an alleged conspiracy by an environmentalist group, Australian Products First, to inject toxic substances into Thai canned pineapple.

Australian officials reportedly found holes under the labels of several cans. Shipments from Thailand, Indonesia and the Philippines have been impounded as a result.

Vietnam**Government 'Implicitly' Rejects Cambodian Secession***BK1106030093 Hong Kong AFP in English 0252 GMT 11 Jun 93*

[Text] Hanoi, June 11 (AFP)—Vietnam implicitly rejected Friday [11 June] the reported secession of several Cambodian provinces near its border, recalling that it had already said it was ready to recognize the government that emerges from Cambodia's U.N.-run elections. Phnom Penh Prime Minister Hun Sen, whose government was installed by Vietnam 14 years ago, said Thursday that the provinces of Kompong Cham, Prey Veng and Svay Rieng had decided to secede after

rejecting the ruling party's electoral defeat due to "massive irregularities." United Nations Transitional Authority in Cambodia (UNTAC) head Yasushi Akashi added that Stung Treng, Ratanakiri and Mondolkiri also appeared to be trying to join "some kind of autonomous region."

Asked to comment, the Vietnamese Foreign Ministry said through a spokesman that it had "nothing to add" to a June 3 statement that reiterated Vietnam's support for the implementation of the Paris peace accords on Cambodia.

"In this connection, the Government of the Socialist Republic of Vietnam expresses its willingness to recognize a new government in Cambodia to be elected by a constitutional national assembly," that statement had said.

The June 3 statement also praised the "relatively calm and orderly" elections and called on the international community and Cambodian parties to make "additional contributions" to the peace process.

Prince Norodom Ranariddh, whose royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party won the Cambodian elections but fell short of an absolute majority, said Thursday that for the secession to succeed, it would need the support of neighboring Vietnam.

"Vietnam has already declared that it is ready to accept the results of the election, so I am not very worried," said the prince, the son of Prince Norodom Sihanouk.

Do Muoi Congratulates New MPLA General Secretary

*BK1006154993 Hanoi VNA in English 1435 GMT
10 Jun 93*

[Text] Hanoi VNA June 10—General Secretary of the Central Committee of the Communist Party of Vietnam

Do Muoi has sent a message of congratulations to Lopo do Nascimento, general secretary of People's Movement for the Liberation of Angola Worker's [Labor] Party (MPLA) on his election as general secretary of MPLA.

Do Muoi wished for further development of the friendship and cooperation between two parties and the two peoples.

Nguyen Thi Binh Addresses Antidrug Conference

*BK1006113593 Hanoi Voice of Vietnam Network in
Vietnamese 1100 GMT 9 Jun 93*

[Text] A conference on the dissemination of drug-control and -prevention information was jointly organized in Hanoi this morning, 9 June, by the Ministry of Education and Training, the Ministry of Culture and Information, the Vietnam Women's Union, and the Ho Chi Minh Communist Youth Union.

In expressing her views to the conference, state Vice President Comrade Nguyen Thi Binh, stressed: It is necessary to attach importance to the drug-control and -prevention awareness program, provide everyone with adequate information, and introduce the antidrug program into the school curriculum.

With 1.3 billion dong in funding drawn from a total of 5 billion dong earmarked for this task, the Youth Union has worked out plans for compiling and distributing necessary documents to youths, as well as for organizing workshops, training propaganda cadres, setting up drug-control and -prevention pilot projects, and providing support services to the mass media so that they can help disseminate information.

A campaign to provide youths nationwide with necessary information has been scheduled to begin in 15 major provinces throughout the country by the end of this year.

Australia

Cook Holds Talks in Washington on U.S. Subsidies

*BK1006070293 Melbourne Radio Australia in English
0500 GMT 10 Jun 93*

[Text] The trade minister, Peter Cook, has begun talks with senior officials in Washington to try to prevent any further moves to sell subsidized American exports in traditional Australian markets. After initial talks with the American secretaries of commerce and agriculture, Senator Cook said there was an air of greater protectionism about the Clinton administration. He said Australians ought to be very worried by this.

Sen. Cook said that during the talks, he stressed Australia's concern that America might be about to ship subsidized wheat to Indonesia and skim milk powder to the Philippines, threatening lucrative Australian markets.

Sen. Cook said he asked for assurances that the United States would do nothing to hurt Australian markets and back this up with a sound argument. Australia's concern stems from American moves to enter new Asian markets as a means of punishing Canada for what Washington perceived as unfair trade practices.

Airlines Dispute Not Resolved

*BK1106101093 Melbourne Radio Australia in English
0500 GMT 11 Jun 93*

[Text] Top-level talks in Washington have failed to resolve the dispute over a transpacific air services agreement between the Australian airline Qantas and the American airline Northwest. The dispute involves allegations by Qantas that Northwest has been violating the passenger-sharing provision of the agreement. Steve Sailer reports that the row remains deadlock despite two hours of talks between Australia's Trade Minister Peter Cook and a senior American official:

[Begin Sailer recording] Senator Cook, who is bluntly telling American officials of Australian anger at U.S. trade practices, spent two hours with American Transportation Secretary Federico Pena. Both emerged to tell reporters that talks were constructive, productive, candid, and straightforward—a diplomatic nicety to suggest some heated discussions had taken place. Sen. Cook refused to outline areas of agreement. He said talks would continue until the issue was resolved. Neither cabinet-level official said each nation's threat to cut airlines services of the other would be lifted while the negotiations continued. [end recording]

The president of the National Farmers Federation, Graeme Blight, is warning that are likely to be more American moves into Australian markets before the end of the year. Like Trade Minister Cook, Mr. Blight has been in Washington campaigning against America's use of agricultural subsidy. He said he received the usual assurances that Australia was not a target.

[Begin Blight recording] I think all that we've got to do with the Americans is just hang in there and try and maintain our consistent view to push them towards getting a conclusion out of GATT. Now, they want to do that, and if we start deviating the debate, then we are in trouble. But if they start going after and doing to the world market the things that they are saying that they don't really want to do, in another words, this (?maverick) treatment of the [words indistinct] then they will destroy their credibility. [end recording]

State Minister Criticizes U.S. Cotton Subsidy

*BK1006070093 Melbourne Radio Australia in English
0500 GMT 10 Jun 93*

[Text] Queensland's minister for primary industry, Ed Casey, has sharply criticized the United States over its recent sale of 5 million bales of subsidized cotton to customers who normally trade with Australia. Mr. Casey says his state is particularly vulnerable to unfair American trade practices because Queensland, like America, is a major producer of cotton, beef, sugar, and grain. Mr. Casey says it is disappointing to see Australia's major ally continuing to punish Queensland's agricultural producers at a time when many of the state's primary industries are struggling through drought.

PRC Envoy Calls For Doubling of Trade by 2000

*BK1006110993 Hong Kong AFP in English 0950 GMT
10 Jun 93*

[Text] Canberra, June 10 (AFP)—Australia received a comforting message from Beijing Thursday [10 June]—that it has the potential to double its trade with China by the end of the century.

China's ambassador here Shi Chunlai said bilateral trade had increased by about one billion Australian dollars (670 million U.S.) in the past year to about 4.8 billion dollars, which he said was still the "primary stage".

"I believe the figure should be at least double by the turn of the century," he told a news conference to announce a 70 million dollar contract to Australia's Olex Cables to lay 3000 kilometres (1875 miles) of fibre optic cable in China.

Shi also reassured Australia that China will continue buying Australian wheat despite efforts by the United States to expand sales of subsidised grain in China.

Australian Trade Minister Peter Cook is meeting U.S. trade officials in Washington to try to persuade Washington to stop trying to expand sales of subsidised wheat in Asia at Australia's expense.

China, which already has one of the fastest growing economies in the world, is expected to achieve growth of eight or nine percent a year to the end of the decade, Shi said.

China was looking at three main areas of increased trade cooperation with Australia—increased imports of Australian raw materials, high technology cooperation and joint manufacturing.

Greater raw material imports would include steel, barley, wheat, magnesium and aluminium, he said, adding that Beijing also planned two more steel factories, which would require an extra 20 million tonnes of iron ore by the turn of the century.

In high-technology cooperation, Shi said telecommunications and air traffic control navigation systems provided good opportunities for Australian companies.

Australia's AWA [expansion unknown] had already won a 30 million dollar deal to provide air navigation systems to 50 Chinese airports.

"But China will have 500 airports, so you can imagine this involves long term cooperation on a large scale involving millions of dollars.

One joint-production project Australia could be involved in was a planned one billion U.S. dollar grain handling project, jointly financed by the World Bank and the Chinese Government.

China also planned to double its beer production over the next seven years, which opened significant opportunities for Australian barley exporters.

However, Shi urged Australia to price its wheat more competitively and to improve the efficiency of its delivery systems.

China was on track to increase purchases of Australian wheat in the second half of this year, on top of the 500,000 tonnes purchased in the first half.

But Australian wheat was currently about 30 U.S. dollars per tonne more expensive than U.S. wheat currently being offered to China.

"But the national policy of China is to diversify the supply, so we will continue to buy Australian wheat," Shi said.

"Whatever the difference is in prices, we will have to buy an amount (of Australian wheat). But we want the prices more competitive."

He described problems as minor, but said they could be improved with discussion.

Further on Cable Contract

BK1006071793 Melbourne Radio Australia in English
0500 GMT 10 Jun 93

[Text] An Australian consortium has won a \$47 million [Australian dollars] contract to improve telecommunications in Northwest China. The contract awarded to a consortium involving Olex Cables and NEC Australia is

said to be the largest telecommunications deal awarded to an Australian company by China.

The project involves just over 3,000 km of optical fiber cable and transmission equipment that will link the cities of Lanzhou, Urumqi, and Yining. Olex Cables is a division of the big Australian company Pacific Dunlop, which jointly announced the deal in Canberra with the minister for development and cooperation, Mr. Gordon Bilney.

It's the second big contract awarded to Olex in China which last year won a \$20 million order for 1,700 km of optical fiber cable linking the southwestern cities of Chengdu, Xian, and Zhengzhou.

Canberra Beats Out U.S. on Wheat Sale

BK1106061693 Hong Kong AFP in English 0556 GMT
11 Jun 93

[Text] Canberra, June 11 (AFP)—Australia has just completed a 500,000 tonne wheat sale to China and expects more sales despite increasing opposition from heavily subsidised U.S. wheat, the Australian Wheat Board [AWB] said Friday [11 June].

Board Chairman Clinton Condon said contrary to recent reports, the board was strongly committed to a future in China and was continuing to make significant sales to China.

"Any suggestion that we're turning our back on China couldn't be further from the truth," he said in a statement.

China's ambassador here Shi Chunlai said Thursday his country would continue to buy Australian wheat despite cheaper subsidised U.S. wheat but urged Australia to try to reduce its prices.

Trade Minister Peter Cook is in Washington pressing the United States not to extend subsidised sales under its protective Export Enhancement Program (EEP) into Australia's traditional markets like China where it has already made major gains.

Shi also said China was on track to increase purchases of Australian wheat in the second half of this year.

Condon said the board was in partnership with the Chinese in a new flour mill, was bidding to upgrade its grain storage system and had built a training bakery in a major Chinese city.

"What's more we believe the Chinese are genuinely keen to have the AWB as a partner in their future," he said.

"Equally they recognise we have a responsibility to achieve the best returns possible for our growers and at times this means selling to markets other than those directly affected by EEP.

"What really counts is whether both sides can understand each other's position, and for more than 30 years we've been doing that.

Minister Urges More Business Cooperation With Fiji

*BK1106085593 Melbourne Radio Australia in English
0500 GMT 11 Jun 93*

[Text] The minister for Pacific Island affairs, Gordon Bilney, has called for greater business cooperation between Australia and Fiji. South Pacific reporter Erina Reddan says Mr. Bilney opened the Australia-Fiji Business Council meeting in Suva:

[Begin Reddan recording] Mr. Bilney said increased cooperation between Australia and Fiji would be mutually beneficial. Under the rules of origin of Australia's Preferential Trading Agreement with the South Pacific, (?Spartaca), Australian content can be counted as Fijian. This means Fijian and Australian firms can jointly produce a product giving Fiji greater access to Australian markets and for Australian skills and technology, while Australia would get access to European and American markets through Fiji on the preferential arrangements with developing countries.

While in Fiji, on his third-leg of his six-nation Pacific tour, the minister signed an agreement for Australia to provide Fiji with the latest cyclone-detecting radar equipment. Australia would spend \$2 million [Australian dollars] on the equipment and training. Mr. Bilney said Australia had ordered the equipment for itself, but after Cyclone Kina devastated Fiji at the beginning of the year, it could see that Fiji's need was more pressing.

The minister also said that Australia will join New Zealand and Fiji in a \$4 million project to improve Fiji's agricultural sector. Mr. Bilney said agriculture is vital to Fiji's economy as the country's largest employer. [end recording]

May Unemployment Rate Remains at 10.7 Percent

*BK1006070693 Melbourne Radio Australia in English
0500 GMT 10 Jun 93*

[Text] Australia's overall jobless rate remained unchanged last month, but there was a big jump in the state of Victoria. Belinda Trump reports:

[Begin Trump recording] Figures released today show Australia's unemployment rate was unchanged during May at 10.7 percent. A rise in the number of people looking for work has been offset by an increase of just under 45,000 jobs; 34,000 were part-time while less than a quarter were full-time. In seasonally adjusted terms, the number of unemployed people around Australia was 925,000. In Victoria, the unemployment rate has jumped from 11.1 percent in April to 12.3 percent in May. Only Tasmania has the higher rate of 12.4 percent. [end recording]

Papua New Guinea

Troops Penetrate BRA Territory, Kill Two

*BK0906101093 Melbourne Radio Australia in English
0800 GMT 9 Jun 93*

[Text] The Papua New Guinea [PNG] military has made a new push into rebel territory in central Bougainville. Sean Dorney reports that the Bougainville rebels admit they suffered casualties in a raid on one of their strongholds, the (Koramera) Catholic mission.

According to Radio Free Bougainville, the PNG forces launched attacks before dawn yesterday on four separate locations along a 20-km stretch of the eastern coast. At (Koramera), which has been a rallying point for the BRA [Bougainville Revolutionary Army], the rebels lost two men dead. However, they claimed they killed one PNG soldier during one of the other landings at (Aropa), where the island's international airport used to be.

Embassy in France To Close To Cut Costs

*BK2805092493 Melbourne Radio Australia in English
0500 GMT 28 May 93*

[Text] Papua New Guinea is to close its embassy in France as part of the government campaign to cut cost. Prime Minister Paias Wingti said the decision was based on a submission from his foreign minister, John Kaputin. However, Mr. Wingti said the government would maintain all its other missions at current level.

He said that the decision to retain all of the missions in Asia was part of the government policy to develop ties with the region to secure a trade and investment opportunity. Mr. Wingti also announced that Port Moresby would open diplomatic offices in Cairns and Singapore, and new trade offices in Singapore, Taipei, and San Francisco.

